

Japan Is Building Economic Empire In American West

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Japan Is Building Economic Empire In American West

By Joel Korkin

SAN FRANCISCO, Aug. 2 (WP) — From the high-rise office towers of this West Coast financial capital to the rich wilderness lands of Alaska, Japan is building a new economic empire in the American West.

Japanese interests, enriched by a huge trading surplus with the United States and the skyrocketing value of the yen, are quietly buying billions of dollars' worth of Western land, timber, fish, agricultural products and industrial facilities.

Close to half of Japan's almost \$29 billion trade with the United States last year went through Western ports, where thousands of Japanese cars, television sets and other manufactured goods were exchanged for minerals, timber and farm products.

Over the last decade in each of the five Pacific states — Alaska, Hawaii, Oregon, Washington and California — Japan has emerged as both prime international trading partner and investor, establishing an economic sphere of influence unprecedented in recent times in the often xenophobic West.

Encouraged by Many

Many business and government leaders in Western states are seeking to encourage this interdependence as a way to expand the already prospering economies of their states. "We don't want to rely any more on the establishment of the Eastern states. They're Europe-oriented, and our future is with Japan and the Pacific rim," said Richard King, director of the newly established California Office of International Trade.

"The Japanese see California as part of their 'Pacific co-prosperity sphere,' and we'd better be responsive to that," he said.

While sharing his sentiments, many Japanese businessmen shy away from the "co-prosperity sphere" label out of fear that some Americans might recall how that precise term was used by World War II Japanese militarists to justify their then far-flung Pacific empire.

"But, of course, we do see it that way," said a Japanese banker here. "We see California already as part of Japan. Oh, yes, California Prefecture."

But others here fear that a quasi-colonial relationship is developing between the Western states and Japan. They claim the West, in the classic fashion of a colony, is surrendering its vital natural resources in exchange for much more costly manufactured products — a pattern that last year caused the Western states to run up a deficit of more than \$3.6 billion with Japan, twice the level of 1976.

Kazutoshi Satta, manager of the San Francisco office of the mammoth Mitsui Trading Co. and director of the Northern California Japanese Chamber of Commerce, said he expects the present



trading pattern between Japan and the Western states to continue in the coming years.

With the exception of airplanes and maybe some canned foods, Mr. Satta said he believes Western industries will have little chance of selling finished products in Japan.

"Our processing industries are simply better than in the United States," he said. "If the United States wants to sell its finished consumer products, they don't have a chance."

The semiconductor industry, which makes the component parts for computers and other advanced electronic products, is one of a number of Western industries, including lumber milling, fish processing, steel and autos, that are reeling from strong Japanese competition. (Almost one-quarter of California's cars come from Japan, twice the national average.)

While U.S. manufacturers still control 60 percent of the world's semiconductor market, some Japanese semiconductor companies are moving into places like Santa Clara's "silicon valley," perhaps the world's single most important concentration of high-technology

(Continued on Page 2, Col. 4)

Later Talks to Consider 'Concrete' Steps

U.S., Russia Converge on Arms-Sale Curbs

By Don Oberdorfer

WASHINGTON, Aug. 2 (WP) — The United States and the Soviet Union have made unexpected progress toward common guidelines to control sale of conventional arms to other countries, and may achieve "concrete results" in a decisive negotiating session late this year, the State Department reported.

Spokesman Hodding Carter 3d said yesterday that 10 days of U.S.-Soviet meetings in Helsinki last month produced "good progress" toward agreement between the superpowers, which are the two largest suppliers of weapons to the rest of the world.

He expressed hope that the next round of talks, expected in December, would bring an agreed framework for controlling arms sales and perhaps even some agreement on implementation of restraints.

State Department sources commented that U.S.-Soviet agreements, which could be expanded to bring in arms supplier nations in Western Europe and elsewhere, were essential to the success of President Carter's policies of conventional arms restraint.

Some sources have suggested that the policy of unilateral U.S. restraint would have to be abandoned, perhaps as early as next spring, unless other nations can be persuaded to join in.

Serious Attitude

One of the central arguments of European arms suppliers, who have been unenthusiastic about controlling their weapons exports, is that

any such move would be self-defeating unless the Soviet Union agreed to participate. In fact, according to U.S. officials, the Russians have been more positive in their attitude toward control of arms sales than the Europeans.

Soviet willingness even to discuss the matter was in doubt before a first round of talks last December, and the serious attitude of the Russians in subsequent meetings was a greater surprise.

Officials said that after the latest talks, U.S.-Soviet agreement on

control of conventional arms, although still far from assured, is no longer regarded as virtually impossible.

The officials would give no details of the types of control the superpowers might adopt. But they suggested that restraints might follow closely some of the unilateral restrictions on U.S. sales imposed by President Carter, which include:

- Refusal to be the first supplier to introduce newly developed weapons systems into a region.

- A ban on development of advanced weapons systems solely for export.

- Tighter control over the re-transfer of weapons by the buying nation to a third country.

These regulations do not apply to purchases by major U.S. allies such as NATO countries and Japan. State Department officials said yesterday that the U.S.-Soviet discussions center on sales to developing countries rather than to major allies.

U.S. to Seek Extradition

Ex-Head of Chilean DINA Indicted in Letelier Case

By Timothy S. Robinson

WASHINGTON, Aug. 2 (WP) — After a 22-month investigation, a federal grand jury here indicted the former head of the Chilean secret police and seven others yesterday for the 1976 bomb murder of influential Chilean exile Orlando Letelier on Washington's Embassy Row.

The indictment of Juan Manuel Contreras Sepulveda, a retired army general who was long a close associate of Chilean President Augusto Pinochet, was believed to be the first ever returned in the United States against a high official of a foreign country's intelligence agency.

Assistant U.S. Attorney Eugene

Propper said yesterday that the U.S. government would ask for the arrest and jailing for extradition of Gen. Contreras and two others named in the indictment.

The explosion that ripped through Mr. Letelier's car also killed an aide, Ronni Moffitt, and injured her husband.

Last night the Chilean government announced the arrest of Gen. Contreras and two other former members of DINA, the secret police agency which was disbanded in August of last year. They are the former DINA operations director, Lt. Col. Pedro Espinoza Bravo, and a former agent, Capt. Armando Fernandez Larios.

In a statement issued by Interior Minister Sergio Fernandez, Chile said that all three had been placed under military detention at an undisclosed location.

[In Santiago, President Pinochet said the arrest of the three Chileans "was asked for and was complied with because we jealously comply with international treaties," Reuters reported.

"But now proofs must be presented. U.S. justice has two months in which to do this. If there are no proofs of guilt after that period the men will go free and the problem will be over."

Gen. Contreras, the two DINA operatives in Chile and five Cuban exiles living in the United States were charged by the grand jury with plotting, carrying out and covering up the murder of Mr. Letelier, who was a strong critic of the post-1973 Chilean government and a former ambassador to the United States.

The indictment accuses Lt. Col. Espinoza of ordering the assassination during a meeting in Chile, and Capt. Fernandez of coming to the United States to spy on Mr. Letelier when he was to strike. The Cubans, members of the New Jersey-based Cuban Nationalist Movement, a (Continued on Page 2, Col. 4)



Gen. Juan Manuel Contreras

N.Y. Times Reporter Gets New Summons in Moscow

MOSCOW, Aug. 2 (UPI) — New York Times reporter Craig Whitney today received a summons to appear in court tomorrow for failing to comply with a Soviet court order to print a retraction of an article judged libelous.

Mr. Whitney, 34, said the legal advice he has received indicated it was not necessary to show up for the hearing.

"I don't plan to go to court," he said.

The legal advice also indicated that the summons was the preliminary step to a \$75 fine for failing to comply with a court order, he said.

Mr. Whitney and Hal Piper, 37, of the Baltimore Sun, were convicted July 18 of slander for writing articles in which friends of dissidents were quoted as saying the televised confession of a Georgian dissident may have been fabricated. The civil suit was brought by the Soviet Television Committee.

Court Costs

The two reporters were ordered to pay more than \$3,000 in court costs and print retractions in a Soviet or U.S. newspaper. Their newspapers said that they would pay the court costs.

The deadline for the retractions was today. But both newspapers refused to comply.

Mr. Whitney and Mr. Piper were in the United States and did not participate in the trial. Mr. Whitney returned to Moscow last week and Mr. Piper is scheduled to return in about two weeks.

Mr. Whitney said that if the court fined him "we will pay under protest." He said it was not necessary in such cases to appear in court. "I am not defying it," Mr. Whitney said. "If you don't go they simply come to a decision without you."

Summons Was Surprise

He said the summons came as somewhat of a surprise.

"I of course like to be an optimist and hoped they would quash the case," he said.

In a letter, the reporters challenged the court's jurisdiction over material distributed outside the Soviet Union. They also said the charge was flawed because it listed them as defendants and not their editors and publishers, who make the final decision on story selection.

One Dead in Pakistan Attack

Iraqis Raided in Karachi; French Oust 3 in Shootout

PARIS, Aug. 2 (HTT) — In the third attack on Iraqi officials and offices in less than a week, two Arab youths opened fire today on officials entering the Iraqi consulate-general in Karachi. An official and a police guard were wounded before Pakistani police killed one attacker and arrested the other.

Meanwhile, France expelled three Iraqi Embassy guards who were involved in a shootout at the Iraqi Embassy here. A French policeman and an Iraqi guard were killed in that shootout Monday, which occurred at the end of an incident in which hostages were seized.

The three guards were put in flak jackets and driven from police headquarters to Orly Airport under heavy guard, then flown out of France.

In Karachi, police said the two men who attacked the Iraqi consulate-general were Southern Yemenis who had come there only three days earlier from Jidda, Saudi Arabia. They identified the dead assailant as Taha Mahmood, 20, killed by a police bayonet, and the survivor as Abdullah Ahmad, 21, who was slightly injured when overpowered by the police. He was questioned at the consulate.

Both carried guns, police said.

Main Gate

Karachi police said the two men arrived at the main gate of the Iraqi mission and fired at Consul-General Amer Najj Zain al-Din as he entered the building. He was not hurt.

Another consular official, Mohammad Ghabib, drove up soon after and was wounded seriously, the police said.

Police guards opened fire on the men. One policeman was wounded seriously in the exchange of fire.

In other developments affecting Iraq:

- Britain today charged two Arabs in the attempted assassination of the Iraqi ambassador in London in a car bombing last week.

- Several Palestinian guerrillas were killed and about 50 injured in fighting between refugee groups at a refugee camp near Tripoli in Lebanon. The fighting erupted against the background of an increasingly

violent dispute between el-Fatah and the Iraqi government. The clashes took place between guerrillas attached to el-Fatah and others affiliated with the Palestinian Liberation Front, a pro-Iraq "rejectionist" group. Sources said el-Fatah commandos stormed the offices of the front and took them over in fighting yesterday and today.

- In Cairo, Egyptian Information Minister Abdel Moneim el-

Sawi lashed out at radical Arabs who are conducting a show trial of Egyptian President Anwar Sadat in Baghdad. The trial, designed to publicize condemnation of Mr. Sadat's Middle East peace moves, opened yesterday in the Iraqi capital. Mr. Sadat was not present. The trial was adjourned until Nov. 19, the first anniversary of Mr. Sadat's visit to Jerusalem.

The expulsion of the three Iraqis from France today over police protests eased a crisis that threatened the strong diplomatic and commercial ties between the two countries.

France bought 6.8 billion francs (\$1.5 billion) worth of oil from Iraq last year and sold Iraq 2.1 billion francs (\$460 million) worth of goods, including 36 Mirage jet fighters.

Close Ties

During the past 10 years, France, which produces nearly no oil, has maintained close ties with most Arab states while keeping its distance from Israel, although a slight but perceptible improvement in French-Israeli relations has developed in recent months. In January of last year the French released Abu Daoud, suspected of heading the massacre at the Munich Olympics of 1972, to Arab cheers and a general cry of outrage from other parts of the world.

France said that the three Iraqis expelled today should "be arraigned by Iraqi justice." But Pierre Wattebled, head of the police plainclothesmen's union, said, "The way things are done in Iraq, I don't personally think there will be a trial."

Mr. Wattebled called on his union members to answer nothing but emergency calls during the 90-minute funeral tomorrow of Inspector Jacques Cappelletti, 30, who was slain in the shootout.

The fusillade began after the surrender of a still-unidentified man, believed to be a Palestinian, who had shot his way into the Iraqi Embassy eight hours before, wounding one embassy employee. He had held nine persons hostage in the embassy for more than eight hours, demanding freedom for a woman arrested for the London attack.

Two Theories

Police say that the armed embassy guards, apparently enraged that the gunman was leaving safe and sound, opened fire on him and his police escorts. The Iraqi ambassador claimed that the confederates of the gunman opened fire, but French officials have not taken that claim seriously.

After conferring with Iraqi Ambassador Moudhir Tawfik al-Wadani, the government agreed that the three Iraqis were entitled to diplomatic immunity. Although police identified them as embassy security guards, French Foreign Ministry officials said they were two secretaries and an attaché who were on the Iraqi diplomatic roster.

A communiqué from the office of French Prime Minister Raymond Barre said that France is asking the Iraqi government to try the three men when they return to Baghdad, but that diplomatic immunity prevents their being tried in France.

In London, a British news agency, Press Association, said that a Lebanese woman and an Algerian man were charged with conspiracy to murder Iraqi Ambassador Taha Ahmed al-Dawood, who since has left London on a new assignment.

The woman, Khouloud Mohrabi, 19, a student, also was charged with causing an explosion at the embassy. Neither she nor Abou-Naama Mahmoud, 30, made a plea or asked for bail.

The rash of attacks on Iraqi foreign missions is blamed on the split among Palestinian guerrillas between radicals championed by Iraq's radical socialist government and more moderate factions led by Yasser Arafat.



Maj. Saad Haddad, commander of Christian militias.

UN Stops New Shelling Of Lebanese Army Unit

BEIRUT, Aug. 2 (UPI) — The commander of Israeli-backed Christian militias in southeast Lebanon today asked UN troops to pull back so that he could resume shelling the first Lebanese Army unit to move south since the civil war, a UN statement said.

Amid reports that Israeli gunners had joined the firing, Lebanon's ambassador to the United Nations, Ghassan Tuani, went to New York for urgent talks with UN Secretary-General Kurt Waldheim.

Senior government sources said that Mr. Tuani might propose an emergency session of the UN Security Council. But Mr. Tuani told reporters that "we have nothing to tell the council at this time."

The 6,000-man UN force that entered the south after the Israeli invasion in March said that, after more than two hours of artillery fire this morning, Maj. Saad Haddad, commander of the Christian militia, "requested the UN to withdraw its forces" from alongside the army "to permit his forces to shell the area."

"The UN force replied negatively and warned Maj. Haddad of the serious consequences of his firing on UN forces," the statement said. There were no immediate reports of further shelling, the statement said, adding that Maj. Haddad also called on the army to leave.

Maj. Haddad's militia forces (Continued on Page 2, Col. 6)

'Bitterness' Among Greek Cypriots

Turkey Reacts Coolly to U.S. Arms Vote

ANKARA, Aug. 2 (AP) — Premier Bulent Ecevit reacted cautiously today to a congressional vote to lift the U.S. arms embargo against his country, saying that he saw both "positive" and "unrealistic" sides of the development.

The U.S. House of Representatives voted 208-205 yesterday to repeal the 1975 ban, on condition that President Carter assure Congress in writing of the good faith of Turkish moves to withdraw troops from Cyprus and resume peace talks.

Talks on the withdrawal of troops broke down in April. The Senate, voting a week ago, also made the repeal conditional on solid progress toward a Cyprus settlement.

Differences between the House and Senate versions of the measure are to be reconciled in a conference committee. Mr. Ecevit said that he

hopes the conference will dispel his doubts.

In Nicosia, Cypriot President Spyros Kyprianou said that the House decision brought "bitterness, resentment and deep disappointment" to Greek Cypriots. He said that lifting the embargo "is tantamount to indirect legalization of the invasion and the crime Turkey committed and continues to perpetrate against Cyprus with U.S. weapons."

Turkish Cypriot leader Rauf Denktaş said that the end of the embargo "will not affect our attitude at the negotiating table. The imposition of the embargo was a mistake from the beginning. This has now been rectified."

In a brief and cautiously worded statement, Mr. Ecevit said that the decisions of the Senate and the House had "positive aspects." But there were "also elements in these

decisions which are unrealistic and which could render more difficult a solution to the Cyprus question and stable improvement of Turkish-American relations."

Turkish officials have been maintaining that as long as the Cyprus question is linked with Turkish-U.S. defense relations, the Greek Cypriots would balk at returning to the conference table to seek a settlement.

The embargo was imposed by Congress in February, 1975, in reaction to Turkish use of U.S.-supplied arms in its invasion of Cyprus the year before.

Mr. Carter sought the repeal, arguing that the embargo had been counterproductive and had threatened the U.S. defense relationship with Turkey.

Based Not Mentioned

Mr. Ecevit lauded "the positive attitudes of President Carter, his administration and many members of the Congress," which he said testified "to the existence of a suitable atmosphere for cooperation between Turkey and the United States to the advantage of both countries and to strengthen world peace."

He made no mention of U.S. military installations in Turkey, which were closed in 1975 in retaliation for the arms ban. He had said previously that the bases could be reactivated only after negotiations with the United States on a new defense agreement. A Turkish source today reiterated that the bases could not be reopened before negotiations.

A 1969 defense cooperation agreement between the two countries was abrogated after imposition of the embargo. A new agreement signed in 1976 was not ratified, and the Carter administration has shelved it.

Opposition leaders were quick to criticize the House decision. Süleyman Demirel, former premier and leader of the Justice Party, charged that the attitude of the U.S. Congress had not changed. "It is said that the Congress has not placed sufficient value on Turkey's friendship," he said.

Kamran Inan, an influential member of the Justice Party and one of the leading foreign policy experts in the Senate, said that "the recent decisions have made the situation more intricate and difficult."



Craig Whitney

House Approves Lifting Rhodesia Sanctions If...

WASHINGTON, Aug. 2 (Reuters) — The House today voted to lift United Nations trade sanctions against Rhodesia at the end of this year if a freely elected government is installed in Salisbury by then.

Last week, the Senate voted to maintain trade sanctions against the former British colony until black majority rule is installed through free elections.

The House voted 229 to 180 in favor of an amendment attached to a pending foreign aid bill, proposed by Rep. Richard Ichord, D-Mo., a firm supporter of Rhodesia.

The Ichord amendment stated that the trade sanctions against Rhodesia could be lifted after Dec.

31, unless President Carter determined that a new Salisbury government had not been installed by free, universal suffrage.

Conference Committee

The differences between the Senate and House versions will have to be reconciled by a conference committee.

The House amendment sets a date on which the sanctions would be lifted unless the administration can show that free elections with the participation of all parties had not been held.

The Senate amendment authorizes President Carter to lift the sanctions against Rhodesia only after a freely elected government is installed in Salisbury.

Removal of the sanctions, according to the Senate version, would also depend on the Rhodesian government making a legitimate effort to set up an internationally supervised all-party conference that would include externally based nationalist groups such as the Patriotic front.

7 Million in London

LONDON, Aug. 2 (Reuters) — London, once the world's biggest city, now has a population of less than 7 million, compared with 8.5 million just before World War II, an official estimate said today.

Air Traffic Is Improving Over Europe

French air traffic controllers have suspended their slowdown and airport officials expect normal air travel conditions over Western Europe today.

However, thousands of U.S. travelers are stranded at London's Gatwick Airport by the lack of low-price seats on planes bound for the United States. Story on Page 2.

News Analysis

Political Rituals in U.K.
Veil Wage Policy Shifts

By Bernard D. Nossiter

LONDON, Aug. 2 (UPI) — Prime Minister James Callaghan and Conservative Party leader Margaret Thatcher have begun the ritual dueling that signals an approaching election here.

But beneath the political fun and games and the parliamentary cut and thrust, something quite serious may also have taken place.

Incomes policy — limiting wage increases to help control inflation — has been given grudging but implicit support by its most strenuous opponents here — the leaders of Britain's unions and Mrs. Thatcher herself.

This development went almost unnoticed in the political play. Mr. Callaghan started it a week ago with a 15-minute personal assault on the Conservative leader, at the end of a speech on the economy.

He accused Mrs. Thatcher of arousing "prejudice" and "division" and of making "ill-prepared" and "indiscreet" frequently

contradictory speeches. Instead of advocating a foreign policy, he said, she appealed to "prejudice and dislike." Above all, "the Right Honorable lady is insulting the intelligence of the British people with her one-sentence solutions to deep-seated problems."

It was rip-roaring stuff, and Labor's back-benchers roared with glee.

Mr. Callaghan usually likes to appear as the healer, the man above the battle. But he knows that his best issue cannot be his government's economic performance. It just might be the personality of Mrs. Thatcher, who often comes across as shrill and abrasive.

Mrs. Thatcher did not reply in kind. She has a new political adviser, Saatchi and Saatchi Ltd., an advertising agency, and it has obviously told her to play up the stateswoman and play down the scrapper.

So Mrs. Thatcher took the higher road, pointing at her best issue, the government's economic record. Under 13 years of Tory rule to 1964, she recalled, growth averaged 3 percent, inflation 4 percent and unemployment 2 percent.

Records Compared

Under Labor, incomes have fallen for three years, inflation has soared and unemployment has climbed above 6 percent.

Statistics do not get cheers, and her back-benchers were silent. She was not addressing them, however, but voters at large. So the speeches, broadcast live from the House of Commons, probably helped both contenders.

Mr. Callaghan does not intend to choose an election date until the end of his vacation this month. But almost everyone here, including his own entourage, now assumes he will call elections in October.

There is, however, a slim chance that Mr. Callaghan will try to postpone a vote until the spring. Recovery has been under way here since the start of the year. The greater the distance Mr. Callaghan can put between the three years of slump and an election, the better Labor's chances.

In February, moreover, the voting list that will make 800,000 18-year-olds eligible to cast their first ballot. Labor strategists believe that they do better among the young than the old, and the February list could be worth five parliamentary seats.

Mr. Callaghan heads a minority government that hangs on only by finding allies from third parties on key votes. So far it has been successful.

One day last week, for example, it picked up enough votes from Scottish Nationalists to pass a bill curbing increases in dividends. This measure, more symbol than substance, was thought necessary to persuade unions that incomes policy, restraining wages, is fair.

Whether Mr. Callaghan can continue to collect allies will help determine the election date. So will his calculation of when his party is likely to make its strongest appeal. But whoever wins the next election is now likely to use incomes policy as an attempt to square the economic circle — to restrain inflation without increasing unemployment.

Different Line
Until now Mrs. Thatcher has appeared as a resolute, free-enterprise opponent of the technique, insisting on what she calls "free collective bargaining." Last week, however, she apparently began to see herself in 10 Downing St. and took a different line.

On the surface she attacked the government's incomes policy. She said that the announced target — keeping wage increases to 3 percent — was too rigid.

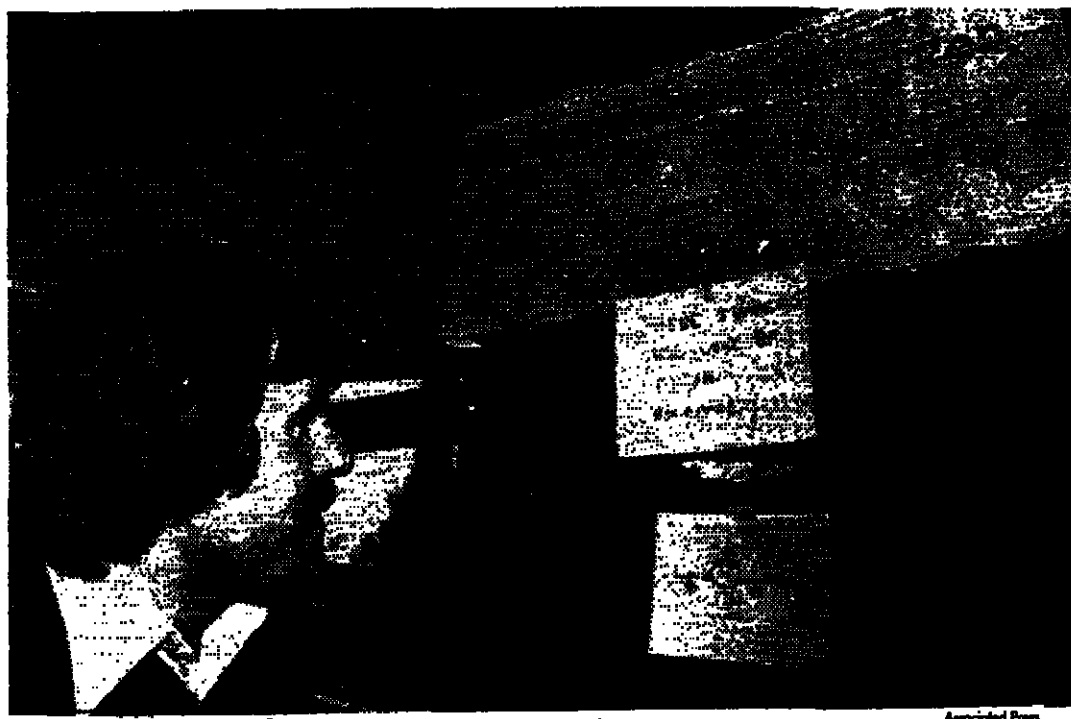
It did not encourage productivity. The important point, however, was what she did not say.

She did not attack the concept of a government-set limit, nor did she repeat the old calls for free-wheeling bargains. She seems to recognize, at least implicitly, the virtue of guided restraint in an economy where unions and corporations exercise economic power.

Those other great foes of the technique, the union chiefs, also presented a blander face. They have already swallowed three years of incomes policy and are now reconciling themselves to it as a continuing feature of the landscape. In private, one of the most important union leaders, a man who daily must balance between right and left, said that most of his colleagues accept this.

Public Ambiguity

In public, the words are deliberately ambiguous. In a joint statement with Labor Party leaders, the union leaders agreed "that there must be each year a thorough discussion between the government and the trade union movement" on wages.



A passenger examines notices posted at London's Gatwick Airport by stranded travelers.

Delays Continue for Cut-Rate Travelers

By Roy Reed

CRAWLEY, England, Aug. 2 (UPI) — About 2,000 or 3,000 weary travelers killing time at Gatwick Airport were startled by a menacing sound.

It began as a cackling laugh, then slurred into a maniacal, high-pitched shout that lasted half a minute. Sleepers lifted their heads from the concrete floor. Card players stopped dealing and readers put down their books.

The sound was quickly identified. It came from a teenage boy, Valery Giscard d'Estaing, who had been told to keep his mouth shut. There must have been many more in the huge waiting room who felt like doing the same thing.

All over Europe, travelers this week are being slowed up by two serious problems and Gatwick is one of the few airports whose passengers are hit by both of them.

Paris Paper Says Giscard Taps Phones of Ministers

PARIS, Aug. 2 (Reuters) — The French satirical weekly Le Canard Enchaîné alleged today that President Valéry Giscard d'Estaing had authorized the tapping of telephones of some of his ministers and officials at the Elysee presidential palace.

The weekly, which has waged an intensive four-year campaign against bugging by the government, said that the telephones of opposition leaders were also tapped with the president's knowledge.

Telephones of former ministers and extreme left groups were monitored as well as the telephone at the president's private residence, it said.

The weekly said that the bugging was directed by a secret service department and that tape recordings of conversations were circulated to ministers.

Mr. Giscard d'Estaing has declared that government wiretapping had ceased in France, but the news-

Britain to Cut Expenses, Staffs Of Posts Abroad

LONDON, Aug. 2 (UPI) — The government said today that Britain's diplomats are having their cocktail party expenses cut and that British diplomatic staffs abroad are being slashed.

One way of saving money, it said, could be establishment of so-called "mini-missions" in some smaller countries, staffed by only one or two diplomats. It said that it already plans to close six "subordinate" consular posts and is considering closing five others. They were not identified.

But it said that it is spending an additional £20 million (\$38 million) during the next five years on technical equipment so that British Broadcasting Corporation (BBC) Overseas Service news broadcasts can be heard better.

Separatists Claim Puerto Rico Bomb

SAN JUAN, Puerto Rico, Aug. 2 (UPI) — A 15-man guerrilla group fighting for Puerto Rican independence took responsibility yesterday for a bomb blast at San Juan's Federal Building, and said it was meant to kill FBI agents.

No one was injured in the explosion Monday of what police called a small bomb planted under a U.S. government car in the parking lot of the building, which houses FBI offices.

A communique from the People's Revolutionary Commandos said that the bomb was rigged to explode in the hands of any FBI agent who tried to disarm it. The FBI found the bomb and called local police, who exploded it safely.

Some are among the hundreds of thousands of Europeans whose trips have been delayed by the slowdown of French air traffic controllers.

Not Enough Seats

Others are Americans who bought cheap fare seats to Europe and now, at the end of their vacations, find that the airlines do not have enough low-cost seats to get them home.

[UPI reported that French air controllers today suspended their slowdown and agreed to meet government negotiators next Tuesday to discuss their grievances, airport officials said.]

[The controllers of the Paris region, Bordeaux, Aix-en-Provence and Brest voted to resume normal air traffic tomorrow.]

[Air traffic in Europe had already eased today with lighter midweek air traffic and night flights.]

An estimated 500,000 travelers had lined up, slept, eaten, waited and often become angry and frustrated in European airports as flights going over France were delayed up to 16 hours.

[Spanish air traffic controllers today said that they were in no way responsible for aggravating the effects of the French controllers' slowdown that snarled European air traffic for the last five days.]

[In a note distributed by the Transport Ministry, the Spanish controllers said that they did not strike "because conscious of what these disturbances mean for the Spanish economy, we are postponing and will postpone the corp's interests in the face of the higher interests of the nation."]

[The Spanish airport and air travel situation was quickly returning to normal today with suspension of the strike in France.]

British airports, especially Gatwick, are crowded with several thousand stranded Americans. Some have been waiting in and around airport terminals as long as a week. New arrivals are being told to expect the same kind of wait.

About 1,500 persons are queued on the sidewalk outside London's Victoria Station, another cheap-fare center, to buy £59 (\$112) Laker Skytrain tickets to New York. With only two Laker flights a day, those at the end of the line face a five-day wait. They are sleeping on the concrete under makeshift plastic tents. It has rained steadily most of the last three days.

Holiday Spots

Most of the Europeans in the Gatwick waiting room are waiting for charter flights to other places in Europe such as the holiday spots of the Mediterranean.

U.S.-bound charter flights have been much less affected by the French dispute, although even those flights are sometimes delayed by a few hours.

Gatwick has become a slum since the delays began to get serious last week. Passengers sprawl on the floor on blankets and sleeping bags. Bottles and litter mingle with luggage underfoot. Old men and women, tired and gray, slump in straight-backed chairs and prop themselves against walls.

Through it all is an endless milling. People walk to the toilet, where they stand in line 20 minutes. They go to the snack bar, where it takes 30 minutes to get a cup of tea. Free enterprises from London, 40 miles north, drift through the crowd selling air mattresses and beer at inflated prices.

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Economic Power of Japan Has Impact on U.S. West

(Continued from Page 1)

industry, buying out small firms, hiring skilled engineers and, in the process, says one U.S. businessman, "picking for themselves the fruit of our technology."

At the same time, U.S. semiconductor executives complain that their products are being restricted on the Japanese market by tough import regulations and alleged government-business collusion in Tokyo. Japanese businessmen claim that their intrusion into the previously U.S.-dominated semiconductor and computer industries is necessitated by the rapid rise in the value of the yen, which has made numerous Japanese products — including shoes, textiles and radios — less competitive with those of such Asian countries as Taiwan and Korea.

"We have to keep exporting our manufactured goods to survive, but we are finding our neighbors in Asia are making the goods we used to make, so we have to go into high technology in a big way," said Mr. Satta. "I know these days computers are delicate commodities, but our technology level must keep improving so someday there's a chance we will be able to ship lots of computers here. The Americans are good at inventing new machines, but, in the ability to apply those inventions, well, maybe the Japanese have more ability."

Opposition to the growing power of Japanese investment — estimated by top Japanese business sources at \$25 billion last year, more than a third of it in the Western states — is also developing in the Pacific Northwest, where highly active Japanese-owned firms are buying logs and fish in huge quantities and shipping them to Japan for processing.

George Cassidy, president of the Portland-based Lumber Production Industrial Workers, claims Japanese reluctance to buy finished U.S. lumber instead of logs has forced the closure of more than 100 sawmills throughout the Northwest over the past decade.

'Exporting Jobs'

"The exporting of the raw materials from which our jobs spring," Mr. Cassidy insists, "is the exporting of our jobs."

George Hess, a spokesman for Weyerhaeuser, a major log exporter to Japan, says the Japanese prefer to buy logs rather than finished lumber because "they are artisans. They cut their wood differently than we do." He added that congressional legislation has forced U.S. lumber companies to ship in U.S. vessels, and he claimed that makes it far too expensive for northwestern lumbermen to trade with their traditional East Coast markets.

New Talks Held in Doubt

Atherton Confers With Israelis

JERUSALEM, Aug. 2 (UPI) — U.S. envoy Alfred Atherton briefed Israeli leaders today on his talks in Egypt, but officials said that there seemed to be little chance of quick success for U.S. efforts to renew direct Israeli-Egyptian negotiations.

Speaking with reporters on his arrival from what were said to be stormy talks with Egyptian leaders, Mr. Atherton said, "As I've said many times before, I remain convinced that the peace process can and must go forward."

He said that his conversations with President Anwar Sadat and Foreign Minister Ibrahim Kamel were "very thorough, very detailed." But U.S. diplomats said that they were less optimistic than before about bringing the two sides together again.

Chances Worsening

Foreign Ministry officials expressed similar doubts, saying that Israel is willing to negotiate with Egypt, but that the chances are worsening in the light of Cairo's demands for an Israeli commitment to withdraw from occupied lands before talks begin.

"I am convinced the peace process will continue," Mr. Atherton said at Ben-Gurion Airport on his arrival from Egypt, where he failed to persuade the Egyptians to join another round of talks with Israeli leaders.

UN Stops New Shelling Of Lebanese Army Unit

(Continued from Page 1)

near the southeast frontier have shelled near Lebanese Army and Lebanese UN positions in Kaouba since Monday, when nearly 500 Lebanese troops entered the area.

The Lebanese Army said that a soldier was wounded today. Two were wounded earlier, but the post-civil-war army, at a disadvantage in guns, has not fired back.

British airports, especially Gatwick, are crowded with several thousand stranded Americans. Some have been waiting in and around airport terminals as long as a week. New arrivals are being told to expect the same kind of wait.

About 1,500 persons are queued on the sidewalk outside London's Victoria Station, another cheap-fare center, to buy £59 (\$112) Laker Skytrain tickets to New York. With only two Laker flights a day, those at the end of the line face a five-day wait. They are sleeping on the concrete under makeshift plastic tents. It has rained steadily most of the last three days.

Most of the Europeans in the Gatwick waiting room are waiting for charter flights to other places in Europe such as the holiday spots of the Mediterranean.

U.S.-bound charter flights have been much less affected by the French dispute, although even those flights are sometimes delayed by a few hours.

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The British government's Northern Ireland Office rejected the suggestion that the prisoners were being forced to live in inhuman conditions. It also turned down a plea to give them political-prisoner status.

260 Killed by Floods In India Monsoons

NEW DELHI, Aug. 2 (UPI) — Monsoon floods in northern India have killed 260 persons and caused nearly \$40 million worth of damage, the government said today.

Ramesh Prasad Singh, junior minister for agriculture and irrigation, told Parliament that the monsoon rains have affected more than 7 million persons, primarily in the states of Assam, Rajasthan, Bihar and Uttar Pradesh.

Mr. Hess also said that the rejuvenated U.S. Southern timber industry and Quebec now supply most of the East's lumber needs, leaving Northwestern companies to seek foreign, mostly Japanese, markets.

There is also growing concern in the Northwest about reported attempts by Japanese interests to buy out or control many U.S. fishing companies. Ed Furia, co-chairman of the North Pacific Ocean Protein Coalition, a U.S. fishing lobby group, says he fears that Japanese-owned companies in the Northwest are giving foreigners control of a key natural resource. "I don't see anything wrong with majority investment in areas like television and cars," he said, "but I don't think that we should allow majority foreign investment in strategic resources."

Disagreement

A high-ranking executive of a fishing firm that is Japanese majority-owned, however, disagreed with this, claiming that Japanese investors have proven a godsend for many foundering Northwestern fishing companies. "The fishing business in this country has not been all that good," said the executive. "Most of the companies which have sold out — or rather sold to — Japanese investors did so because they couldn't keep their heads above water, financially. Prices are up simply because the Japanese are willing to pay more for the fish."

Other rumblings about the Japanese power in the West are coming from Alaska, where several native villages have had run-ins with Japanese firms seeking to purchase their abundant timber and fish resources.

Despite these growing concerns about Japan's economic influence over the West, most states, including Alaska, seem anxious to strengthen their links with Japan. Dick Eakins, Alaska's director of industrial development, said he believes the need for the Japanese market far outweighs other considerations.

Some leading Western businessmen, like Robert Noyce, chairman of Intel, a leading California semiconductor manufacturer, say that nothing substantial can be accomplished about the trade deficit until U.S. governmental agencies and workers learn how to match the discipline and tough marketing policies of the Japanese.

"We businessmen are sick of being the scapegoats of everything. The problem is the American worker and the consumer, too. We're all screwed-up, the whole fabric of our society," Mr. Noyce said. "If you're shipping out dollars, if you can't pay your bills, you have to sell your house to the Japanese so that you can drive your Toyota. Maybe if we sell it all, we can nationalize them. That's what everyone else does when it goes too far."

Russia Reported to Want 3 Spies for Shecharansky

VIENNA, Aug. 2 (Reuters) — The Soviet Union wants at least three Communist spies who are detained in the West in return for Soviet dissident Anatoli Shecharansky and other jailed activists, sources bargaining for a swap said today.

Negotiations were at an advanced stage for Mr. Shecharansky, the 30-year-old computer scientist convicted last month by a court in Moscow of spying for Washington, to be exchanged for an American in a U.S. jail and two East Germans detained in West Germany, the sources said.

The sources, who have been directly involved in negotiations to win Mr. Shecharansky's release, said that details of the timing and place of the swap were still being worked out.

In addition to Mr. Shecharansky, Western negotiators have been promised that five or six Soviet Jews who have been detained or expelled in the Soviet Union will be permitted to emigrate to Israel, the sources added.

13-Year Sentence

Mr. Shecharansky, a prominent member of the "Helsinki Group" set up in the Soviet Union to monitor Moscow's fulfillment of its human-rights pledges, was sentenced on July 14 to 13 years in a labor camp for treason and anti-Soviet agitation after a trial that sparked widespread public anger in the West.

The sources said that negotiators in East Germany, the United States and Israel were hopeful that soon would be flown from Moscow to Israel, probably via Western Europe.

Dissident sources in Moscow said that the mother and brother of Mr. Shecharansky had been given permission to visit him today in Vladimir prison, 120 miles east of Moscow, fueling speculation that he would soon be allowed to leave.

In addition to the Soviet and U.S. negotiators, the exchange being worked out by East German lawyer Wolfgang Vogel, an anti-Soviet Israeli parliamentarian, Samuel Flatto-Sharon, who was involved in a trade last April that was to have included Mr. Shecharansky.

Mr. Flatto-Sharon confirmed in an interview for West German television that Moscow had signaled a willingness to swap Mr. Shecharansky for spies in West Germany and the United States, but he declined to give details.

According to the sources, Moscow dropped its offer to free Mr. Shecharansky as a follow-up to the April trade when rumors of his impending trial created indignation in the West.

On one stage before the trial, Mr. Shecharansky was to have been swapped for Guenter and Christa Guillaume, the East German spy who had been closely linked to the entourage of former West German Chancellor Willy Brandt.

But the sources said that the deal was blocked by Chancellor Helmut Schmidt, and that "lesser agents" were now under consideration.

Russia Breaks U.S. Mark For Time Spent in Space

MOSCOW, Aug. 2 (UPI) — The Soviet Union today surpassed the United States as the nation to have logged the most space-days in space. As Soyuz-23 cosmonauts Vladimir Kovalenko and Alexander Ivanchenko circled Earth in the Salyut-6 space lab, the Russians broke the U.S. record of 937 man-days in space at midnight last night.

The United States had consistently held and expanded the in-orbit record since 1965, when the successful Apollo-Soyuz program broke the U.S. monopoly.

But a U.S. hiatus, while awaiting development of the next generation of spacecraft, the reusable space shuttle, has allowed an increasing active and ambitious Soviet space program to catch up.

Earlier this year a pair of Soviet cosmonauts, Yuri Grechko and Lt. Col. Yuri Romanenko, broke the U.S. manned-spaceflight endurance record of 84 days and went on to spend 96 days in space.

The U.S. manned-spaceflight program will remain at a standstill until the first flight of the space shuttle, scheduled for late next year.

The shuttle technological outstrips anything found of Moscow's drawing board — but for the time it goes into space, the Soviet Union will have milked every drop of potential from its space capsules and labs.

A series of spectacular firsts chalked up in the 10 months since the Salyut-6 space lab was launched has moved the Russian closer to the dream of a permanently manned orbiting laboratory.

Since the Sept. 29 launch of the Salyut-10 Soviet cosmonauts have lived and worked aboard the lab.

The Russians have carried out the first double-docking, the first docking of an unmanned cargo capsule, the first refueling of space lab, the longest manned orbital mission and the first space flights by someone other than Russian or an American.

Policemen Disarmed By Leftists in Italy

BOLOGNA, Aug. 2 (AP) — Gang of leftist extremists raided police station here today, lined policemen against the wall and disarmed them, police reported.

The group painted slogans on the walls hailing the Armed Proletariat and calling the attack a action for disarming enemies of the people.

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JPL 1001-50

CIA Said to Have Approved

Plot Against Onassis Recounted

By Charles R. Babcock

WASHINGTON, Aug. 2 (WP)—Private investigator Robert Maheu was paid by a competitor of Ariston Onassis in 1954 to carry out a campaign of wiretaps and dirty tricks against the Greek shipping tycoon — with the knowledge and approval of the CIA and then Vice President Richard Nixon, according to a Playboy magazine article.

Mr. Maheu, a former FBI agent who later became a top aide to millionaire Howard Hughes, was hired by Stavros Niarchos to undermine a lucrative contract which Mr. Onassis had signed with the Saudi Arabian government to transport

oil, writer Jim Hoagland says in the September issue of the magazine.

Mr. Maheu confirmed the basic elements of the story yesterday in a telephone interview from Las Vegas, but he denied Mr. Hoagland's allegation that his actions were part of an international conspiracy.

"I wouldn't take the assignment [from Mr. Niarchos] until I cleared it with the outfit," Mr. Maheu said. "The outfit" was the CIA, he added. He was on a \$500-a-month retainer from the agency at the time, he said.

He reported his anti-Onassis activities regularly to the CIA. Mr. Maheu said, including the use of the illegal and "unproductive"

wiretap on Mr. Onassis' New York office. The CIA also helped his operatives in Rome, where derogatory stories about Mr. Onassis were peddled to a newspaper, he added.

Mr. Maheu also acknowledged briefing Mr. Nixon on the campaign to subvert the Onassis contract, but said that it came after his extensive "research" for Mr. Niarchos. Mr. Hoagland's story alleges that Mr. Nixon gave Mr. Maheu and an associate, John Gentry, the original "Mission Impossible" assignment.

The Playboy story quotes Mr. Gentry as saying that then Assistant Attorney General Warren Burger — now chief justice of the United States — was also kept informed of the anti-Onassis campaign by U.S. intelligence agencies.

As head of the Justice Department's Civil Division at the time, Mr. Burger approved a suit against Mr. Onassis that year, which alleged that he illegally bought some surplus U.S. ships. Mr. Onassis also faced a criminal indictment in the case, but it was dropped later as part of a settlement.

Justice Burger said yesterday through a spokesman that he received no such intelligence reports. The spokesman added that the Justice Department also charged Mr. Niarchos, the would-be benefactor in the plot, in 1954 for the same activities.

Mr. Nixon could not be reached for comment on the Playboy story. The CIA refused to comment. Mr. Maheu's involvement in the campaign against Mr. Onassis was alluded to, without naming the two shippers, in a footnote in a November, 1975, Senate intelligence committee report on CIA assassination plots.

That report detailed Mr. Maheu's role as a middleman between the CIA and the Mafia in a plan to kill Cuban President Fidel Castro.

The CIA used Mr. Maheu in several sensitive covert actions where it "didn't want to have an agency person or a government person get caught," the report said.

Mr. Maheu denied Mr. Hoagland's contention that Mr. Niarchos was fronting for the major oil companies who feared that their own monopoly in Saudi Arabia would be threatened by the Onassis deal.

A State Department official arranged the briefing for Mr. Nixon. Mr. Maheu said, to bring him up to date on the seriousness of the Onassis contract. A few days later in June, he added, the State Department issued its first public protest about the arrangement.

In the meantime, Mr. Gentry went to Europe to spread derogatory stories about Mr. Onassis by bribing reporters, the Playboy article said. Mr. Gentry, a former Washington Post reporter and now a local financial correspondent, could not be reached for comment.



Midge Costanza in her White House office last year.

Controversial Carter Aide
Midge Costanza Resigns

By Fred Barbash

WASHINGTON, Aug. 2 (UPI)—Midge Costanza, the presidential adviser whose colorful comments and brash outspokenness became an increasing irritant to top White House officials, has resigned.

Miss Costanza informed President Carter of her decision Monday, a week after her scheduled appearance on ABC-TV was abruptly canceled by Mr. Carter's media advisers, who had grown weary of her attention-getting performances.

Miss Costanza's office said last night that she had left town for a vacation and could not be reached for comment.

In an interview with Helen Thomas of UPI, however, she said that she was "not sad, I'm not angry with anyone. No one asked me to go. In fact, the president asked me to stay. I have such confidence that what I have done is right. I still respect and love Jimmy Carter."

Requested to Remain

Presidential spokesman Rex Granum said Mr. Carter accepted the resignation "with regret" and asked Miss Costanza to stay on for an undetermined time to allow for a smooth transition. Mr. Granum said the resignation was "a completely voluntary act" on Miss Costanza's part.

In a letter to Mr. Carter, confirmed by Mr. Granum, Miss Costanza wrote: "Although we share common goals and concerns, it has become clear that our approaches to fulfilling them are different."

"My own approach has been largely one of advocacy. I have sought to advise you on the concerns assigned to me and to present those interests and needs to you."

"There are those who suggest that I should have simply carried out your policies and ideas openly. But that was not my style, my experience or my interpretation of how I could best serve you and your constituents."

Miss Costanza, a former vice mayor of Rochester, N.Y., joined Mr. Carter's presidential campaign in its early stages. She was rewarded with a highly visible job as "public liaison" for the president, responsible for White House relations with numerous constituent groups.

For a time, her office was right down the hall from the president's. After her symbolic fall from grace in May, she was moved into the basement.

At that time the bulk of her job was given to Anne Wexler, a liberal Democratic Party activist. Miss Costanza was assigned to handle women's issues, particularly passage of the Equal Rights Amendment.

She said that during this period she often was asked "how long I would take" such treatment. As late as last week she said she had no intention of resigning and that her "treatment was not half as important as the goals. I have a job to do here and I intend to do it. I work for the president of the United States and until and unless the president is not pleased with my performance, I will stay."

Miss Costanza hardly had the conventional image of a White House aide. She was a hugger and a kisser, and would have her picture taken squeezing White House guards.

When others around the president were holding firm during the controversy surrounding former budget director Bert Lance, Miss Costanza said publicly she thought he should resign.

Some White House insiders privately had come to refer to her as "a flake."

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House Demands
Tighter Rein on
Korea Pullout

WASHINGTON, Aug. 2 (UPI)—The House voted yesterday for stricter funding and time restraints on withdrawal of U.S. ground forces from South Korea, and told President Carter to consult with Congress on each step of the pullout.

The 279-117 vote came on an amendment to the \$2.5 billion Foreign Security Assistance Act. The amendment was proposed by Rep. Samuel Stratton, D-N.Y., who said Mr. Carter should not be given "a blank check on the whole Korean troop withdrawal matter."

Rep. Stratton, one of those in Congress who opposes withdrawal of all 32,000 U.S. ground troops as dangerous to U.S. and Asian security, said: "If we're going to be running any risk of getting into another war, then Congress certainly ought to have some say in the actions our government is taking."

The House amendment follows mid-September action on a comparable bill last week which allows the withdrawal of an initial 6,000 troops from Korea this year, but asks for stricter consultation between the executive and legislative branches starting Jan. 1, 1979.

Pope Says His Death
Is Not Far Away

MARINO, Italy, Aug. 2 (UPI)—Pope Paul, 80, making a surprise visit to Marino to visit the tomb of an old friend, said yesterday that his own death "cannot be far away."

The pope left his summer residence at Castel Gandolfo to visit Marino, a tiny wine town, and the tomb of Cardinal Giuseppe Pizzardi, who died in 1976 at the age of 93. The cardinal built the church where his tomb lies, and the pope told a small group of faithful in an impromptu speech, "I hope to meet him after death, which cannot be far away."

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The delay only gives the high

U.S. Panel Says Women,
Minorities Still Trailing

By Grayson Mitchell

WASHINGTON, Aug. 2 — White males continue to "reap disproportionate benefits" and to enjoy greater opportunities than white women and minorities in the fields of education, income and employment, the U.S. Commission on Civil Rights reports.

Some progress was made in the 17 years ending in 1976, the period under study, the commission said in a report yesterday. But it added that its study of federal statistics showed considerable disparity despite efforts by government and private industry to promote sexual and racial equality.

In education, it said, minorities and women are more likely than white men to be high school dropouts on the one hand, or "educationally overqualified" for the jobs they are forced to take, on the other.

It also said that they are likely to earn less.

In employment, they are far more likely to be unemployed or to be paid less for comparable jobs, the report said. And their annual raises are smaller.

Even in instances where job descriptions are the same, according to the report, women and minorities have relatively lower earnings.

The report did not try to analyze the causes for the sexual and eco-

Rhodesia Debate Illustrates Mood

Carter Africa Policy Gains Foes

By Jim Hoagland

WASHINGTON, Aug. 2 (WP)—Trapped in hot, feid air and the traffic fumes that smothered even the most illustrious block on Pennsylvania Avenue on July 20, the first day of Washington's bus and subway strike, Tony Lake was not amused.

The head of the State Department's policy-planning staff had fought his way through the car-clogged streets to the White House to brief Senate staffers on Rhodesia, a favorite topic for Mr. Lake. Now he stood and watched the guards who were keeping him back and waving past him into the meeting room the Senate staffers he had come to brief.

The guards finally resolved the administrative snafu that had kept Mr. Lake's name off the advance-clearance list. Inside, he began confidently to drive a final stake into the heart of the pro-Rhodesian-trade campaign.

And then he said that Tony Lake's day really began to go bad.

For an hour he was a target rather than a briefer, ducking a barrage of verbal rockets and "questions" accusing the administration of supporting terrorists, of turning its back on Rhodesian Africans who share "Western values," and of not favoring fair elections.

Moynihan Assistant

A staff assistant to Sen. Daniel Moynihan, D-N.Y., sounding very much like his combative and ambitious boss, pushed Mr. Lake into the swamp of explaining why the State Department described the Rhodesian guerrillas as "liberation forces."

That briefing set off alarm bells and removed all lingering doubts in the administration over a message that friendly staffers on Capitol Hill had been sending for several weeks. The message: The administration's policies in southern Africa, the area in which President Carter has exerted the most forceful and original leadership in foreign affairs, was now in serious trouble at home.

"They just didn't believe Lake," said a Senate staffer who supports the substance of the administration's policies without reservation. "All the questions were aimed at the style, perception and communication aspects of policy. They weren't told convincingly that the administration's policy in southern Africa is really an anti-Soviet policy, which is ultimately its."

But the problem clearly goes deeper than Mr. Lake's presentation.

A vote last Wednesday in the Senate — to retain a ban on trading with Rhodesia, but to attach new



Tony Lake

conditions that authorize the president to lift it in the future — also points toward a growing entanglement of foreign-policy votes with perceptions that President Carter can be beaten in 1980.

"Catalyst for the trading with Rhodesia and showing clearly we don't support the guerrillas just happens to ride the crest of the three most important political sentiments of the day," said another Senate staffer, who feels that Sen. Moynihan and conservative Republicans separately used the Rhodesia debate to sound out potential key themes for 1980.

Those sentiments are anti-administration, anti-terrorism and anti-Sovietism. Most of the Senate was not ready to go with a right-wing effort that could be confused with racism," the staffer said, "but they were happy when that compromise gave them a way to disassociate themselves from the administration position."

Catalyst for the new debate over the Rhodesia embargo was Sen. Jesse Helms, R-N.C., a "new right" conservative who has attracted \$4.6 million from 234,000 contributors for his current re-election campaign. Aides suggest that Sen. Helms is seriously considering entering Republican presidential primaries in 1980, to swing the debate toward the right, if not to win.

When Sen. Helms began talking several months ago of overturning the March, 1977, vote of 66 to 26 that reimposed the embargo on Rhodesian chrome and other trade, the administration paid little attention.

But after Mr. Lake's July 20 briefing and a head count that turned up no more than 51 hard votes committed against Sen. Helms, the White House and the State Department swung into high gear. Vice President Mondale was on the phone to key senators, and the president pressed congressional leaders.

Sen. Helms and Mr. Carbaugh spoke several times by telephone to Mr. Smith in Salisbury during the week of the debate. Hours before the crucial vote, Mr. Smith announced an election date, and Sen. Helms promptly reported it on the Senate floor.

Similar tactics also were used by the lobby that opposed the Helms amendment. When no serious lobbying effort by black African embassies materialized to counter the effective corridor work done by the Rhodesian Information Service here, Randall Robinson, executive director of a new black U.S. lobbying group called TransAfrica, got on the phone to the representative of the Organization of African Unity in New York.

A telex message streaked to Khartoum, the Sudan, where the OAU summit was in progress, and 72 hours before the vote, telex accounts of a serious OAU warning to the United States not to lift the sanctions chattered back into U.S. newsrooms.

Mr. Muzorewa, who set up shop at the Senate, was rated as an effective advocate of the Rhodesian case by senators and staffers who met with him.

"He came on like a black Anwar Sadat," said one staff member, "and there was a definite Middle East tinge to this."

Referring to the eventual adoption of the Case-Javits compromise, he said, "The compromise picked up votes from people who are increasingly equating the African guerrillas of the Patriotic Front with the Palestine Liberation Organization. Javits, Case and Moynihan are the top of the list of Israel's supporters, and Carter's insistence on a Palestinian solution is seen as not unlike his insistence on including the guerrillas in Rhodesia. The two things are beginning to fuse in a simplistic way for some people."

Found in Contempt

The civil penalties were imposed by Superior Court Judge Theodore Trautwein after The Times and Mr. Farber were found in contempt of Judge Arnold's order enforcing a subpoena by the defense.

Dr. Jaskaslevich, 51, was charged with the murder of five patients at Riverdel Hospital in Oradell, N.J., through use of a muscle relaxant drug called curare in 1965 and 1966, when he was chief of surgery there.

Judge Arnold today acquitted him of two counts but rejected a defense motion to dismiss all five murder charges. The judge ruled that there was insufficient evidence to show that Dr. Jaskaslevich had murdered Margaret Henderson, 26, and Emma Arzi, 70. Witnesses for the state said that they could not say with certainty that curare was present in the bodies of the victims.

The defense has said that it needs Mr. Farber's notes and other documents to help in the questioning of witnesses. The prosecution already has rested its case.

But the vote looked so uncertain by last week that the White House seriously considered endorsing publicly a compromise written by Sen. Clifford Case, R-N.J., Sen. Jacob Javits, R-N.Y., and Sen. Moynihan rather than face a winner-take-all showdown with Sen. Helms. The State Department, arguing in effect that the administration's diplomatic position would be badly damaged, "turned the endorsement argument off," said an official.

"Anyway, that would have been the kiss of death," said a Senate staffer who worked on the compromise. "Moynihan would have gone out of the window," the staffer said. Washington Democrat Henry Jackson "had played around with co-sponsoring it at one point, but it wasn't far enough away from Carter," he continued.

John Carbaugh, the Helms staffer who generated much of the media exposure and the notice by the foreign-policy establishment, said, "For our supporters, Africa is symbolic of the Carter administration's mishandling of foreign policy in general, in its disarray and the fact that it is run by a small coterie."

Muzorewa Invited

Mr. Carbaugh invited Bishop Abel Muzorewa, one of three African nationalist leaders who joined Rhodesian Prime Minister Ian Smith on a transitional ruling council last March, to visit Sen. Helms in Washington during the debate and to lobby for repeal of the embargo.

The energetic Mr. Carbaugh arranged a luncheon invitation for Mr. Muzorewa at The Washington Post. Then told the State Department that to refuse a visa for Mr. Muzorewa would interfere with freedom of the press.

More importantly, Mr. Carbaugh worked through personal contacts on the staff of former Secretary of State Henry Kissinger to get Mr. Muzorewa in to see Mr. Kissinger and then invited reporters to appear on Mr. Kissinger's doorstep at the end of the meeting in hopes of eliciting an endorsement for the transitional government.

In a statement that was a tentative step toward re-entry into partisan debate, Mr. Kissinger did urge the Carter administration to give the transitional government "a fair chance."

Smith Telephoned

Sen. Helms and Mr. Carbaugh spoke several times by telephone to Mr. Smith in Salisbury during the week of the debate. Hours before the crucial vote, Mr. Smith announced an election date, and Sen. Helms promptly reported it on the Senate floor.

Similar tactics also were used by the lobby that opposed the Helms amendment. When no serious lobbying effort by black African embassies materialized to counter the effective corridor work done by the Rhodesian Information Service here, Randall Robinson, executive director of a new black U.S. lobbying group called TransAfrica, got on the phone to the representative of the Organization of African Unity in New York.

A telex message streaked to Khartoum, the Sudan, where the OAU summit was in progress, and 72 hours before the vote, telex accounts of a serious OAU warning to the United States not to lift the sanctions chattered back into U.S. newsrooms.

Mr. Muzorewa, who set up shop at the Senate, was rated as an effective advocate of the Rhodesian case by senators and staffers who met with him.

"He came on like a black Anwar Sadat," said one staff member, "and there was a definite Middle East tinge to this."

Referring to the eventual adoption of the Case-Javits compromise, he said, "The compromise picked up votes from people who are increasingly equating the African guerrillas of the Patriotic Front with the Palestine Liberation Organization. Javits, Case and Moynihan are the top of the list of Israel's supporters, and Carter's insistence on a Palestinian solution is seen as not unlike his insistence on including the guerrillas in Rhodesia. The two things are beginning to fuse in a simplistic way for some people."

Found in Contempt

The civil penalties were imposed by Superior Court Judge Theodore Trautwein after The Times and Mr. Farber were found in contempt of Judge Arnold's order enforcing a subpoena by the defense.

Dr. Jaskaslevich, 51, was charged with the murder of five patients at Riverdel Hospital in Oradell, N.J., through use of a muscle relaxant drug called curare in 1965 and 1966, when he was chief of surgery there.

Judge Arnold today acquitted him of two counts but rejected a defense motion to dismiss all five murder charges. The judge ruled that there was insufficient evidence to show that Dr. Jaskaslevich had murdered Margaret Henderson, 26, and Emma Arzi, 70. Witnesses for the state said that they could not say with certainty that curare was present in the bodies of the victims.

The defense has said that it needs Mr. Farber's notes and other documents to help in the questioning of witnesses. The prosecution already has rested its case.

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Most in U.S. to Face Boost in Tax Bill

By Art Pine

WASHINGTON, Aug. 2 (WP)—Almost every U.S. taxpayer faces a higher federal tax bill next year despite the \$16 billion cut approved by the House Ways and Means Committee last week, according to congressional figures.

Tables compiled by the Joint Committee on Taxation show that the tax reductions in the Ways and Means Committee measure would not offset the impact of inflation and higher Social Security taxes for most citizens.

After those two factors are taken into account, the tax burden for "middle-income" tax payers — those in the \$20,000-to-\$30,000-a-year bracket — would rise by between \$83 and \$261 a year.

And the total federal tax bite on those in the \$10,000-a-year-and-under income brackets — just above next year's expected poverty line — would rise by between \$29 and \$40 a year.

The only group that would enjoy overall tax relief from the Ways and Means bill would be those in the \$15,000 bracket. By a sluke, they would pay \$2 to \$3 less.

Inflationary Impact

The increases in overall federal tax burdens stem from the impact of inflation, which pushes taxpayers into higher brackets, and the boost in 1979 payroll taxes that Congress approved last December.

The tax cuts proposed by President Carter in January would have offset inflation and payroll taxes

for all but a minority of taxpayers who earn \$40,000 a year or more.

But Mr. Carter's proposal was for a \$24.5 billion tax reduction, with the cuts skewed mainly to taxpayers earning less than \$15,000. The committee's bill primarily would benefit those in the \$20,000-to-\$50,000 brackets.

The rate of inflation this year is expected to be at least 7 percent, with wage increases running even higher. The income boost is expected to result in about \$8 billion in higher taxes.

Landon's Daughter Wins
Senate Primary in Kansas

KANSAS CITY, Kan., Aug. 2 (UPI)—Nancy Landon Kassebaum, whose only previous campaign was for a local school board seat, profited from the Landon name and a successful grass-roots campaign to win the U.S. Senate nomination in the Kansas Republican primary.

Mrs. Kassebaum, a daughter of the former Kansas governor, Alf Landon, the GOP's 1936 presidential nominee who was swamped by Franklin Roosevelt, steadily pulled away from eight other candidates yesterday and won the primary by about 6 percentage points.

Mrs. Kassebaum acknowledged that the support and strength of her father's name probably helped her

win the tight battle for the chance to oppose former Rep. Bill Roy in the November general election.

With slightly more than 95 percent of the state's 2,887 precincts reporting early today, Mrs. Kassebaum polled 65,361 votes or 31 percent compared to 52,919 votes or 25 percent for college professor Wayne Angell.

Mr. Landon, 90, who kept abreast of the election from his Topeka home, did not retire for the night until she was declared the winner.

Mr. Roy, who narrowly lost a heated battle to Sen. Robert Dole, R-Kan., in 1974, breezed to the Democratic Party nomination over three opponents. He polled 76 percent of the vote in his attempt to succeed Sen. James Pearson, who is retiring after 16 years in the Senate.

Incumbent Republican Gov. Robert Bennett easily defeated two opponents to win re-nomination to a second four-year term. He will be opposed in the November gubernatorial election by House Speaker John Carlin, the leader of the first Democratic-controlled Kansas House in 60 years.

In the state's two contested congressional primaries, Atchison businessman Jim Jeffries upset state Sen. Ron Hein to win the right to oppose Rep. Martha Keys, D-Kan., in the 2d District, and state Sen. Don Allegretti won a six-way Democratic primary in the 5th District. Sen. Allegretti will oppose former state Rep. Robert Whittaker in the general election to succeed retiring Rep. Joe Skubitz, R-Kan.

Blackout in Paris

PARIS, Aug. 2 (Reuters)—Large areas of Paris suffered a blackout for more than an hour yesterday as a result of a technical mishap, the state-owned Electricite de France said.

Seventh Game
Ends in Draw
At Chess Match

BAGUIO CITY, Philippines, Aug. 2 (AP)—The seventh game of the world chess championship between champion Anatoly Karpov and Viktor Korchnoi ended in a draw today after an unofficial moment of Mr. Korchnoi's delegation found a series of moves that, if played, would have extricated Mr. Korchnoi from a seemingly hopeless position.

The champion from the Soviet Union offered a draw after Mr. Korchnoi's sealed 42d move was opened.

It was the seventh straight draw of the match, in which one of the players must score six wins to obtain the world championship and \$350,000.

Yasha Murcy, who emigrated to Israel from the Soviet Union in 1976, came up with the series of moves that turned expected disaster for Mr. Korchnoi into an acceptable draw.

Man Who Beat General Motors
Says He's Unaffected by Victory

CHICAGO, Aug. 2 (AP)—Tell Joe Siewek he won. He takes convincing.

Mr. Siewek was the first person to protest when he discovered in the fall of 1976 that his 1977 Oldsmobile had a Chevrolet engine. "I went and bought the car and it wasn't what I paid for. I didn't want trouble. All I wanted was for them [GM] to tell the people what they're doing so people can get what they pay for," Mr. Siewek said yesterday.

His protests caused the Illinois attorney general to sue GM. More than 40 state attorneys general joined the suit against the automaker after nearly 67,000 other customers found their expensive autos had engines of a cheaper make.

Last month, Judge Frank McGarr of U.S. District Court in Chicago approved a settlement between GM and 46 attorneys general. The automaker agreed to pay \$34 million or \$200 to each person who unknowingly bought an Oldsmobile with a Chevrolet engine.

"I ain't got nothing," Mr. Siewek said. "No \$200, no notice, no nothing."

Will \$200 make up for the cheaper engine? "It's still not what I paid for," he said.

John McPhee, assistant Illinois attorney general, said that Mr. Siewek can sue for a better settlement.

"I can't afford it," said Mr. Siewek. "I got no lawyers. I ain't got nothing. They got everything. They do anything they want. I'm tired of trouble."

Trouble for Foreign Aid

This year's foreign aid bill is now coming to a vote in the House of Representatives — and it could hardly have come at a worse time. The House leadership, perceiving the danger, has pulled the bill back several times. But with the end of the session drawing near, the calendar forces it to go ahead despite the warning signals.

A passion to cut taxes has seized the Congress. Since most of the congressmen are also getting highly sensitive about the federal deficit, they are looking for spending bills to cut as well. Most of the possibilities are not inviting. But there's always the foreign aid bill.

True, it's been already cut sharply in the Appropriations Committee. Also true, this country is already in arrears in its promises to the international aid funds. But voting to cut the bill again is a quick and easy gesture against federal spending. Unfortunately, it's a gesture that threatens real harm to a lot of people around the world. Some of them are in the United States — people whose jobs depend on the exports that economic aid and World Bank loans finance. Most of the beneficiaries are, of course, in other countries — countries a good deal less fortunate than this one.

The politics of foreign aid has become immensely more complicated, over the past year, because of President Carter's good-hearted but unfocused human rights campaign. A number of congressmen are now trying to enact human rights amendments in ways that threaten severe damage to foreign aid.

One-third of the money in this bill would go to international lending operations — the World Bank and the regional funds for Latin America, Africa and Asia. They raise money from the rich countries and lend it to the poor ones to support economic development

there. Those agencies are run by boards representing both the donor governments and the borrowers. The idea is to give poor countries access to capital without forcing them to become political clients of the industrial nations' governments. But the House is going to take up a series of amendments designed, in one way or another, to impose U.S. political standards on the World Bank's loans.

It is bad enough to require, by law, that U.S. directors vote against loans to certain unpopular countries that, in the congressional view, violate their citizens' rights. It is bad because it sets a precedent for trying to use the World Bank as a lever to further one nation's political attitudes. That becomes an invitation to other nations to try the same thing. But some of the proposed amendments would take a drastic further step: prohibiting any part of the U.S. contribution to the World Bank from being used, directly or indirectly, to help certain named countries like Vietnam. Other versions are explicitly protectionist, forbidding any aid to development projects that might compete with U.S. products, like tropical palm oil that might be substituted for U.S. soybean oil.

These amendments would attempt to transform the World Bank from a genuinely international and cooperative agency into an instrument of U.S. policy. If any of the prohibitions is enacted in the final bill, the World Bank will refuse the entire contribution. If there is no U.S. contribution, it is unlikely that other nations will continue to contribute.

The World Bank has been built, largely through U.S. leadership, over many years and many Congresses. It would be a sorry commentary on the present Congress if it now jeopardized that valuable structure in a self-defeating campaign to attach political conditions to economic aid.

THE WASHINGTON POST.

A Balancing Act on Secrecy

"The many abuses of the security system can no longer be tolerated," said the president. "Fundamental to our way of life is the belief that when information which properly belongs to the public is systematically withheld by those in power, the people soon become ignorant of their own affairs, distrustful of those who manage them and — eventually — incapable of determining their own destinies."

It could hardly have been said better. The president, "in keeping with my pledge to create an open administration," was issuing a new executive order on classified information "designed to lift the veil of secrecy which now enshrouds altogether too many papers written by employees of the federal establishment — and to do so without jeopardizing any of our legitimate defense or foreign policy interests."

The president was Richard Nixon. The time was March, 1972, three months before the start of the cover-up that destroyed his administration. Clearly, executive orders about how to handle the nation's secrets do not an open administration make.

So it will be, also, with President Carter, who recently tried his hand at a new, improved executive order aimed at the same abuses. His administration, too, will be judged by many measures, including the cases of Frank Snapp and the prosecution of two agents for Vietnam. In the Snapp affair, the government thoroughly confused its dual obligation to protect secrets while also protecting free speech by suing for money damages from a former CIA official because he broke a promise to clear his book through

the authorities. In the spy trial the government was not content to prosecute espionage but also charged the theft of information, under a law customarily applied to protect tangible property. The idea that government owns information, as under a copyright, was discredited when the Nixon administration tried to use it against Daniel Ellsberg in the case of the Pentagon Papers; it gains no dignity just because the information has been transmitted to a foreign power. The Carter administration's pledges of openness are not enhanced by such possessive claims.

Still, the White House deserves some credit for its new approach to secret files. It continues a trend toward tighter definition of what can be stamped secret, reduces the number of officials empowered to wield the stamps and hastens the "declassification" of documents when the reason for secrecy has disappeared. A significant advance in declassification may be the so-called "balancing test" in which a document still usefully secret may be released in deference to the public interest in having the information disclosed.

The new executive order is the first to be drawn with the advice of public critics of information policy and not only of interested parties in the Pentagon and the intelligence agencies. It is a good piece of work. But the daily temptation of bureaucrats is to withhold information, as a matter of convenience as well as safety. So the spirit of this executive order needs to be spread throughout the federal government; too often, such liberal documents have merely become cloaks for secretiveness.

THE NEW YORK TIMES.

International Opinion

Moscow and the Olympics

Many people feel it would be wrong to hold the Olympic Games in Moscow if the Soviet regime continues to suppress human rights as harshly as it is doing at present. Many strongly disagree. If sporting events involving countries such as South Africa, Chile and Argentina arouse strong feelings, the decision to hold the Olympics Games in Moscow is bound to arouse still stronger feelings. The moral issues may be the same, but the political stakes are much higher.

Those who want the games removed from Moscow, for reasons conditional on changes in Soviet behavior, argue that playing host to the Games is an honor implying a certain virtue as well as organizing ability. Besides this, there is a simple pragmatic argument

that the West needs levers with which to influence Soviet behavior and the Olympics come in handy for this purpose.

On the other side it is argued that the Olympics should not be politicized more than they are already, or, alternatively, that convened in Moscow they could have a positive effect by helping to relieve the Soviet Union's traditional isolation.

It is no longer realistic to pretend that sport and politics can be wholly separated, especially where the Olympics are concerned. It is also legitimate that the world should show special interest in the internal affairs of the Soviet Union. For the moment, the best thing to do is let the debate, which is itself a form of pressure, continue. Decisions now would be premature.

— From the Times (London).

In the International Edition

Seventy-Five Years Ago

August 3, 1903

NEW YORK — Two prominent anthropologists were accused yesterday in Oklahoma of inciting a reservation Indian to torture himself in return for money, in ceremonies connected with the Cheyenne and Arapahoe sun-dance customs. James Mooney and George Dorsey face charges of offering an Indian \$15 to be photographed in the act of dragging a heavy buffalo head with ropes attached to stocks inserted in the skin of the Indian's back.

Fifty Years Ago

August 3, 1928

NEW YORK — Zoologists take note: Mosquitoes bred in an alcoholic environment appear to be more vicious and voracious than their brethren raised in a more conventional home environment. This momentous discovery was made last week in New Brighton, N.Y., following complaints from the townspeople of unusually fierce mosquito raids. Apparently the mosquitoes thrived on several thousand gallons of beer recently dumped in the town sewers by prohibition agents.



East Germans Keep Squeezing

By Leopold Unger

BRUSSELS — Until August of last year, Rudolf Bahro, 42, was considered one of the most brilliant young officials and one of the most distinguished economists of East Germany and its Communist Party, a party he had joined when he was 18.

His arrest created an uproar. First denied, then confirmed, the Bahro affair was concluded recently in East Berlin, when following a closed-door trial held without defense witnesses, Mr. Bahro was sentenced to eight years in prison for "intelligence activities."

According to the only official source of information available, the East German news agency ADN, Mr. Bahro was found guilty of having "systematically gathered information destined to hostile elements operating in the German Democratic Republic and to have invented and disseminated false information."

Furthermore, ADN reported, Mr. Bahro maintained relations with a West German correspondent of the weekly Der Spiegel, and for these "subversive activities" Mr. Bahro was paid, according to ADN, "200,000 Deutsche marks to satisfy his thirst for money."

The news agency failed to explain how a Communist Party member, who had reached so high a rank in the hierarchy was able for so many years to dissimulate "his avidity and subversive activities" in a country which never has been suspected of laxity in police and investigatory matters.

The turning point in the life of Mr. Bahro came last year when he published a book in West Germany called "The Alternative." The book is an unflinching analysis of the East German economy and its management. It also offers a program of reforms and calls for the right to set up a "legal Communist opposition" in East Germany so that the nation may be cured of its present sclerosis and gain the support and confidence of the masses.

But East Germany is not kind toward its critics, particularly if they happen to be Communists. It also took this opportunity to issue a warning to various "traitors to East Germany" just as the trend toward emigration — "the supreme anti-patriotic activity" — begins to grow at a troubling rate. About 200,000 East Germans already have "dared" request their "repatriation," and there are reports of escapes to the West almost every week.

Last May, a series of street battles broke out in Erfurt between groups of youths and the police. These riots are noteworthy only because they can be linked to the outbreaks of violence between angry Communist youths in East Berlin and the Volkspolizei last October.

The unrest was followed by a wave of repression, with sentences of up to 10 years in prison meted out to Westerners, who tried to smuggle East Germans out of the

country. The Bahro verdict is merely part of East Germany's ideological campaign to stop the hemorrhage which is sapping the life of the country.

And by imprisoning Mr. Bahro, East Germany also is sending out a message to the purely political opposition, since the economist was also accused of having participated in the preparation of the "East Berlin Eurocommunist Manifesto."

The first document of this type produced in East Germany, the manifesto was distributed last year. Its publication in the West German magazine Der Spiegel led to a series of arrests and the closure of the Der Spiegel bureau in East Berlin.

The situation in East Germany must be considered highly sensitive at this point, if — contrary to what was done with other Communist dissidents, such as Wolf Bierman, who was simply expelled — the authorities decided to send Mr. Bahro to jail for many years.

Strain

The Bahro affair also has its role in the general increasing strain in relations between East and West. Only a short while ago, the authorities of East Germany were showing signs of favoring a renewal of ties with Bonn. There was talk that this new open policy was linked to the recent visit to West Germany of Leonid Brezhnev and to East Germany's fear that it would be kept out of decisions reached at that time. Eric Honecker, the East German chief of state and head of the Communist Party conferred with West German representative Gunter Gaus and did not hide his eagerness for a meeting with West German Chancellor Helmut Schmidt.

But the jailing of Mr. Bahro can result only in putting an end to these hopes. Bonn's reaction was unambiguous. Mr. Schmidt's spokesman, Klaus Bolling, declared that such acts "did not contribute to the improvement of relations between the two German states."

It is also certain that East Germany did not undertake to prosecute Mr. Bahro without the approval of Moscow. When added to the recent declarations by the Soviet ambassador to East Germany, Pyotr Abramov, who vigorously criticized West Germany, the result,

for a number of observers, is the threat of a new Berlin crisis.

The Bonn spokesman said that the Bahro verdict "is a blow to all those who hoped that East Germany had understood that it had to abandon certain old methods."

Even before the affair, few were those who believed that East Germany had understood. And now there are none.

Because of an error in transmission, a sentence in Mr. Unger's last column (IHT, July 26) should have read: "With its characteristic heavy-handedness, the Kremlin is placing itself in a stage mentality, eliminating any possible source of trouble before the interregnum and any possible doubt about how the succession will be decided and what type of regime will follow."

Biology's Terra Incognita: II

By George F. Will

WASHINGTON — In 6 billion years, when we need to rekindle the sun, we may be able to do so. But here one must use the pronoun "we" gingerly. It assumes a continuity of the human species that perhaps should not be assumed. Thanks to genetic engineering and other biomedical marvels, the day may come when our fabricated successors as Homo sapiens will look back upon us as merely primitive sketches of what human beings were to become when re-drafted by biological technologies.

As this is written, a British woman has delivered the first child conceived in a laboratory dish. One of her eggs having been fertilized by her husband's sperm, the resulting embryo was kept for a few days in a nutrient fluid, and then implanted in her womb. Such scientific virtuosity can help people who could not otherwise conceive babies. But it is principally interesting, and ominous, as a step toward the point where mankind shall have the power to determine what kind of babies shall be made.

Arthur C. Clarke, author of science fiction and science commentary, is also author of Clarke's Law: The next great scientific advance will be the one which the most eminent scientist has most recently declared impossible.

In 1921, Orville Wright said that the limits of flight had almost been reached, and probably precluded continent-to-continent flight across the Atlantic. In 1932, Albert Einstein was not optimistic about the possibility of nuclear fission, which he compared to shooting birds in the dark in a country where there are few scientists.

Today, scientists are more chary of predictions about technical limits. And although laymen consider the birth in Britain exciting, they also regard it as an expectable "next step" in an endless progression, rather than as a startling discontinuity in human experience. There is a distinctly modern sense of the "unfolding" of the human race, of its present as well as its past being progress.

And there is, perhaps, no reason to believe that evolution has come to a halt, or that evolution will continue independently of human premeditation. "Thoughtful men," writes Dr. Leon Kass of the University of Chicago, "have long known that the campaign for the technological conquest of nature, conducted under the banner of modern science, would someday train its guns against the commanding officer, man himself."

Communists have "managed" their populations, even their "gene pools," in various ways. There exists an ancient letter, from an Egyptian worker to his wife, that says: "If it is a boy, keep it. If it is a girl, throw it away." Surplus or burdensome or unpromising infants (often girls, or the deformed) were eliminated by societies long before prenatal diagnostic techniques made it

possible to make decisions for elimination early in a pregnancy.

Biology now stirs a fear, never stirred by physics, that scientific advancement may threaten rather than enhance mankind's self-esteem. Physics, with its power of annihilation, poses only a physical threat. Biology, with its threat to "improve" the species, jeopardizes mankind's sense of dignity.

Still, many scientists and laymen feel the exhilaration that one scientist expressed this way: "For the first time in all time living creature understands its origins and can undertake to design its future. Even in the ancient myths man was constrained by his essence. He could not rise above his nature to chart his destiny. Today we can envision that chance — and its dark companion of awesome choice and responsibility. We can be the agent of transition to a wholly new path of evolution. This is cosmic even."

Neutral Word

It is no less, as Kass says, with embryo transfers (which are just the beginning of new manipulations of life), "the natural process of generating becomes the artificial process of making." And "to lay one's hands on human generation is to take a major step toward making man himself simply another one of the man-made things."

New knowledge — "techniques" might be a more appropriate neutral word — may take mankind where it ought to go. But there is no certainty that the word "ought" will be important in the discussion.

This is the second of two columns on the new biology.

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BABY'S SHOT — Mother dolphin watches at a zoo in Duisburg, West Germany, as an attendant with pipe aims vaccination serum and her new offspring heads the other way.

Consumerism Signals Changes in China

By Linda Mathews

CANTON, China — The aisles of the department store were jammed with Sunday shoppers jostling each other for the "mid-summer special," a \$15 battery-operated fan.

At a nearby appliance shop two middle-aged matrons gossiped about the buses handed out by their factory and whether there might be more.

These and other scenes of unabashed consumerism make it clear that major economic and social changes are under way in formerly spartan China.

In what can be described only as a revolution of rising expectations, the people of China have begun to clamor for higher wages, more material comforts and an easier life, seemingly eager to overthrow the austerity imposed by the late Chairman Mao Tse-tung.

Everyday conversations are filled with talk of money and endless schemes to secure the consumer goods that are still in short supply. "I know exactly which shortwave radio I want, but it will take me at least another year to save enough for it," a young Canton tour guide confided to a friend. "Do you suppose I could pick it up for less in another city?"

Wall-Poster Demands

Wall posters, often a reliable barometer of popular mood, indicate a mounting impatience with the shortages and the constant sacrifices expected of most Chinese. Not long ago, a wall poster on a busy Canton thoroughfare demanded, in the name of "the workers," an immediate improvement in the standard of living and a wider range of consumer goods.

More strident still was the poster spotted by foreigners on Shanghai's waterfront, complaining of the government's supposed indifference to the chronic shortages of pork and cooking oil in many provinces. "How long will 800 million people be kept waiting?" the poster demanded.

The answer would seem to be: at least a little while longer. The kind of across-the-board improvement many Chinese yearn for still appears beyond reach. "China is still a very poor country," said Chao Cheng-yu, the manager of the department-store appliance department, as he toted up the day's sales. "We are making progress, but we still do not produce enough consumer goods to go around. I sell about 100 sewing ma-

chines a month, but I could easily sell 500 if we had them."

China's new leadership does seem more attuned, however, to the material aspirations of its citizens.

Since Mao's death, his successors have tentatively begun to fashion a society less obsessed with revolutionary slogans and more concerned with the quality of people's lives. Insofar as the budget permits, the government of Premier Hua Kuo-feng and his deputy, Teng Hsiao-ping, has leavened Mao's prescribed austerity with small luxuries.

China has purchased large amounts of quantities of sugar and cooking oil from overseas, to make those tightly rationed commodities more widely available. Pork rations, which sometimes can dip below a pound a month, have doubled at holiday time. And pay envelopes are slightly fuller now than they were under Mao, the result of a modest pay increase last October that boosted average factory wages to slightly above \$30 a month.

Mr. Hua, in particular, has encouraged the people's rising expectations with a series of well-publicized speeches emphasizing that his first priority is launching China on a program of orderly economic growth. As he said in a recent speech, "Our fundamental purpose in developing our socialist economy and expanding production is to provide for the step-by-step im-

provement of the people's material well-being."

That single speech struck such a popular chord that it is widely quoted as evidence that Mr. Hua has the workers' interests at heart.

"Chairman Hua promised to improve our standard of living, step-by-step, and he has already begun," said Shen Jen-chiang, director of a suburban Canton pottery works. "Our wages are going up, and our living costs are going down. Last month, with state permission, we reduced all the rents in factory-subsidized housing by 50 percent."

Now, according to Mr. Shen, no one in the plant pays more than a dollar a month for housing. The tantalizing prospect of easier times ahead may have won a measure of popular support for Mr. Hua, a political unknown until his rise to power in late 1976. But the people's rising expectations also pose a serious dilemma for him and the other pragmatic, production-oriented leaders in Peking.

Given China's labor-intensive economy and the importance of worker morale, the country's economic planners cannot afford to let those expectations go unfulfilled too long. Yet channeling significant amounts of China's limited revenues into consumer goods and more substantial pay raises would mean stunting the country's basic industries and jeopardizing long-term development goals.

Cambodia Levels Abuse At Vietnam Communists

By George McArthur

BANGKOK, Thailand, Aug. 2 — The Cambodian government has made the extraordinary charge that during the Indochina war U.S. B-52 bombers were guided to their targets by corrupt Vietnamese Communist Party members.

In a startlingly abusive broadcast, Cambodia reviled its former comrades on a host of charges including "rottenness," "corruption," "shameless begging," "succumbing to money, jewels and women" and being a puppet of the Soviet Union.

The reference to B-52 bombers was somewhat stilted but the meaning was clear. The broadcast said: "Army cadres and their wives have traded with and served as espionage agents for the enemy. This is why the enemy was able to wipe out a large number of Vietnamese soldiers. The U.S. imperial-

ists' B-52s were thus able to accurately bomb the areas where the Vietnamese armed forces were stationed."

The broadcast further said that at the height of the war senior party members allowed their wives to steal "clothes, rice, salt, gasoline and the army's refined petroleum and to plunder livestock and rice belonging to the people to sell in areas under enemy control."

In the opinion of some Indochina watchers the broadcast surpassed by far other instances of invective from Cambodia since the border war began last year.

By charging that the whole Vietnamese Communist Party was corrupt — and that this was true during the hallowed wartime days of the late Ho Chi Minh — the Cambodians have attacked the holiest dogma of Hanoi.

Cambodia's mysterious and fanatical premier, Pol Pot, is saying that his war is an ideological vendetta against the Communist leadership of Vietnam. He is attempting to incite rebellion against the first secretary of the Vietnamese Communist Party, Le Duan, and Vietnam's Premier Pham Van Dong.

In effect, this is exactly what the Vietnamese party leadership has also been almost openly saying about Pol Pot. The Vietnamese are also attempting to incite rebellion — and are known to be training Cambodian defectors to help speed the process.

'Proxy Conflict'

These attitudes so boldly displayed make any hope for a negotiated settlement of the border war an almost impossible dream. The "proxy conflict" between China and the Soviet Union actually grows more dangerous.

It is probably significant that the abusive broadcast was made at a time when Cambodian Defense Minister Son Sen was receiving an effusive welcome in Peking. His welcoming committee included the top brass of the Chinese Army, a clear message that Cambodia is receiving enthusiastic military support.

The Cambodian broadcast implied that the "true nature" of the Vietnamese Communist has simply been strengthened and expanded "since the North Vietnamese authorities of the Le Duan-Phan Van Dong clique have gotten a good taste of the life in the South Vietnamese society which it inherited from the U.S. imperialists."

"While the husbands hold the power, the wives use the power to control and own the state and people's property," the broadcast said.

Pol Pot appears to have elevated a border conflict into a holy war between two Communist visions that cannot be reconciled.

© Los Angeles Times

Asia 'Dominoes' Forging New Links to U.S.

By Don Oberdorfer

WASHINGTON, Aug. 2 (WP) — When Indochina fell in the spring of 1975, a wave of worry passed through the nearby states of Southeast Asia. This week, three years later, the victorious Communist regimes are warring and impoverished while the foreign ministers of the potential dominoes, still independent and thriving, are coming to Washington to forge a new relationship with the United States.

Unlike the Johnson-Nixon era meetings with Asian leaders, the conference starting tomorrow at the State Department will center on trade and other economic matters rather than security concerns. With the participation of President Carter and five members of his Cabinet, the two days of meetings will provide a symbolic new start for the United States in the region of its greatest travail and most humiliating defeat.

The Association of Southeast Asian Nations (ASEAN) — Indonesia, Malaysia, the Philippines, Singapore and Thailand — was founded in 1967, but did not amount to much until the U.S. withdrawal in Indochina left these countries to their own devices and concentrated the minds of their leaders on cooperative arrangements.

Attitudes Change

Until recently, the Communist powers in Asia condemned ASEAN as a puerile tool of imperialism. The United States, on the advice of senior career diplomats, ignored it as a "non-event." Now attitudes have shifted all around. China and the Soviet Union have

swallowed their opposition and are beginning to court the Southeast Asia group and its members.

Vietnamese Vice Foreign Minister Phan Hien said early last week during a swing through Southeast Asia, "We are prepared to hold discussions with each of the ASEAN member countries and the organization as a whole." He did not rule out the possibility that Vietnam

eventually might join ASEAN in some capacity.

In recent months ASEAN as a regional group arranged and carried out consultations, one after another, with Japan, Canada, the European Economic Community and Australia-New Zealand. Building on a lower-level meeting with a U.S. team last September in Manila, the Washington session

this week is seen as the capstone on ASEAN's international recognition.

"We want the Americans to see us collectively and to see the problems we all have, and to appreciate that economic stability is fundamental to political stability," said an Asian diplomat here who has been involved in preparations for the sessions. He said ASEAN leaders are prepared to ask for specific commitments from the United States on such matters as tariffs, investment and aid to the refugees from Indochina who have swarmed into several of the countries. Equally important, he added, will be the establishment of a general framework for U.S. involvement with the region and its group.

U.S. officials are not ready to approve the special trade preferences that ASEAN has requested, but there are plans to announce missions to the area by officials in the investment-guarantee field. Also planned is discussion of cooperative arrangements on energy, food, science and technology and a small amount of aid to ASEAN as an organization.

'Post-Vietnam Trauma'

"This will be the first time the U.S. government has tried to come to terms with Southeast Asia as a region since the fall of Saigon," said a senior U.S. diplomat. Involved in this week's sessions, "It's important that the participation is at an appropriately high level, and it's important for America to begin to see something in Southeast Asia as positive after 20 years of overcommitment in the area and three years of post-Vietnam trauma."

The combined population of the five ASEAN countries is 245 million, about the same as the United States and Canada combined. Their rubber, tin and other resources, including oil and gas in the case of Indonesia, as well as their geographic position on the sea lanes between the Middle East and Japan, add up to a position of importance.

As U.S. diplomats see it, economic progress and security in the ASEAN area can be a modest plus for Asia as a whole. Economic failure, political instability or the installation of hostile governments in the area could be a serious setback.

ASEAN is not a military pact or security organization, and its sponsorship of a Southeast Asian "zone of peace, freedom and neutrality" has given the organization a somewhat neutralist image. The Philippines, however, is the site of major U.S. bases at Clark Field and Subic Bay that Manila expects to retain under renegotiated arrangements with the United States, and most of the ASEAN countries have made clear their desire for a continued U.S. military commitment in the Pacific.

"We do have problems and we are a varied group of countries, which don't see everything the same way," said an ASEAN nation ambassador here. "But we'd like to look after ourselves, with some help from the big brother we prefer, even if far away, rather than the big brothers we don't want." He said this week's meetings will be a test of the preferred "big brother" and his attitudes three years after the war most Americans want to forget.

Rudolf Kolisch, Violinist, Founded Touring Quartet

WATERTOWN, Mass., Aug. 2 (AP) — Rudolf Kolisch, 83, Austrian violinist and artist-in-residence at Boston's New England Conservatory of Music, died yesterday.

Born in Klam, Austria, Mr. Kolisch studied violin at the Music Academy in Vienna and graduated in 1913 from the University of Vienna. He began his musical career as a stage conductor and violin virtuoso before founding the Kolisch Quartet in 1922.

The group toured Europe, Africa and South America extensively before disbanding in 1939, and was renowned for being the first to perform standard classics from memory and to feature contemporary music.

Mr. Kolisch was known as one of the world's best professional left-handed violinists. The performer held the violin in his right hand because a childhood accident caused him to lose a portion of one of his left fingers.

James 'Bob' Robertson

SAN RAFAEL, Calif., Aug. 2 (UPI) — James "Bob" Robertson, 75, longtime leader and a founder of the West Coast Longshoremen's Union, died yesterday.

Mr. Robertson served as chief organizer of the International Longshoremen's and Warehousemen's Union for three decades. He retired in 1969 after serving as ILWU vice president.

Enoch Light

NEW YORK, Aug. 2 (AP) — Enoch Light, 71, prominent band leader during the big band era and

Cambodia Aides Watch Chinese Fleet Exercises

HONG KONG, Aug. 2 (UPI) — Cambodia's Defense Minister Son Sen and his top military aides flew to Chinese Navy headquarters yesterday to watch fleet exercises, the New China News Agency reported.

The visitors also attended a banquet in the evening held by the North China Sea Fleet to mark the People's Liberation Army's 51st birthday.

The trip to China naval base, 260 miles south of Peking, coincided with the official disclosure by Peking of a visit by Cambodian Deputy Premier Leng Sary.

China's deputy chief of staff Wang Shung-jung escorted Mr. Son Sen and his aides on their tour, where they watched the fleet maneuvers from a warship, the agency said.



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THE BROADLY BASED BANK

Some of the ways in which being a woman affects a woman's professional life are superficial and laughable. 'The president doesn't kiss male Cabinet members when he sees them,' said one female Cabinet member.

Evolving Woman Power in Washington

By Linda Charlton

WASHINGTON (NYT) — Because this city deals only in one commodity — power — it has been until very recently a man's town. Now this is changing gradually, and women in power are finding that their gender does not dilute their authority significantly although it does make a difference.

Some of the ways in which being a woman affects a woman's professional life are superficial and laughable. "The president doesn't kiss the male Cabinet members when he sees them," Patricia Roberts Harris, secretary of Housing and Urban Development, said in an interview.

"One funny thing is that people help me up and down the stairs — the hand at the elbow," said Antonia Chaves, the assistant secretary of the Air Force for manpower, reserve affairs and installations. She is a trim woman who is a backpacker and rock climber.

Other things may be funny the first time, but the chuckle can get worn down by repetition. Anne Wexler, a special assistant to the president who is a former deputy undersecretary of commerce, said that at dinner parties the man seated next to her was likely to smile and ask, "And what does your husband do?" As it happens, her husband is Joseph Duffey, chairman of the National Endowment for the Humanities.

Bouquet of Roses

"The other day," recalled Sally Shelton, the deputy assistant secretary of state for Inter-American affairs, "the wife of a president of one of the Latin American countries was arriving in Washington, and there was a delegation to go out to meet her. I went, and it was suggested that I present her with a bouquet of roses." A ceremonial chore generally reserved for a small child or for the wife of an official.

Miss Shelton said, "I hit the ceiling" and asked if a male of like rank would have been asked to present the bouquet. "The guy said, 'No, you're right. I just didn't think.'"

Juanita Kreps, the secretary of commerce, recalled in an interview "an exchange I overheard between Patricia Harris and Zbigniew Brzezinski, which took place at the Gridiron dinner."

"It was about women," she said, "and Zbig declared that they were different," citing the fact that Mrs. Harris had just touched up her lipstick.

"My comment to that was that it worried me that the security of the nation was in the hands of a man who makes such fine judgments. It did seem to be kind of an odd way to carry on an argument."

On a more serious level, Mrs. Kreps said: "It would be easier, probably, to do this particular job as a man. It is dealing so largely with the business community,

which in turn is made up almost entirely of men. There is a kind of easy rapport among men. There have been times when, if I had been a man, I would have carried more authority. It's kind of easy to sidestep a woman."

Second-Class Job

A fellow Cabinet member, she said, once told her that Commerce was a "second-class job," the implication being that "a woman could handle that job, but you'd never see a woman in State or Treasury."

"I think people probably react more negatively to my firmness than they would if I were male," Mrs. Harris said. "But I don't know. I am very firm. I don't know what the reaction would be if those same personality characteristics were found in a man. I doubt seriously they would be reacted to with some of the adjectives that are used."

For some women, there are other potential problems — for Mrs. Chaves, that of being a civilian in the Pentagon; for Mrs. Harris, that of being black; for Miss Shelton, who is 32 years old, that of youth. And they were all careful to say that some of the difficulties they had encountered might be attributable to those factors as much as to their being female.

Even in the "male bastion" of the military, Mrs. Chaves said, "once they see that you're a professional, really committed," the fact that one is a woman tends to become unimportant. "But," she added with a grin, "when I get really tough and substantive, they say, 'Yes, sir?'"

The Extra Mile

Miss Shelton can remember only one occasion — which she did not want to discuss in detail — "in which I'm certain that my gender was a problem." But she added: "Sometimes, I get so tired of having to go the extra mile, to be supergood. Women just have to perform a little bit better than the average, they're constantly being judged, constantly on stage, being watched very closely for weakness, lack of toughness."

And Mrs. Chaves said: "You can't fall in the stereotypical ways. You're on display to a certain extent, any misstep is likely to be noticed. But in the end, people do judge you by performance."

Mrs. Kreps summed up the situation by saying: "It will be a long time before women at all levels, high to low — whatever that means — will be treated as full participants in the jobs they're holding. We should be able to lose our tempers without having it attributed to our gender, be as aggressive as men without being dubbed a shrew."

Then she chuckled and said: "I'd like to get to the point where I can be just as mediocre as a man."



Patricia Harris: 'I think people probably react more negatively to my firmness.'

World of Opportunity for Women

By Elizabeth M. Fowler

NEW YORK (NYT) — Careers for women in international business have increased substantially in recent years, and the future looks even brighter.

That was the message carried by speakers at a one-day seminar on Women in International Business sponsored recently by the Chase World Information Corp., a subsidiary of the Chase Manhattan Bank.

"We just briefed a woman going to Paris for SmithKline Corp. as a marketing manager; her name is Meryl Maxwell," said Allison Lanier, president of Overseas Briefing Associates in an interview. In addition, she said, her company, which specializes in helping corporations select and train persons for overseas jobs, a year or so ago briefed a woman who was going to help head accounting operations for Union Carbide Corp. in Indonesia.

Many international areas, Miss Lanier said, are opening for women in agricultural companies with international business in banks that are expanding international operations, in insurance companies that are doing more work abroad and in "turnkey" operations.

In turnkey operations, companies can supply entire housing developments to developing coun-

tries, such as Saudi Arabia, that need large housing projects for their own people or for foreign nationals.

Last Curtain

"These involve prefabs down to the last curtain and to pictures on the wall," she said, and such ventures require women designers and interior decorators, relocation specialists and family affairs advisers, along with economists, statisticians, accountants and others.

Other turnkey projects involve hotels and hospitals, requiring a variety of skills — far different from the day when most of the women working abroad were teachers in American schools or those run by the armed forces.

"There are also good opportunities for women in the nonprofit world," she said, such as the World Bank (the International Bank for Reconstruction and Development) and various United Nations organizations.

Basically there are three types of job areas for Americans in the international field — those that require a period of residence and work in a foreign nation, jobs that require a person based in the United States to spend a large amount of time abroad and those that involve working on international aspects from offices in the United States.

Betty Baldwin, now director of corporate recruiting for Estee Lauder, the cosmetics company, described her experiences a year ago as a resident vice president for Citibank in Mexico City, where she went for a year to train someone to

take over personnel operations there for the 400-person Citibank staff. At the time she was the only woman manager on that level in the bank's Mexico City operation, but there were two young women officers.

'Glass Box'

"Women have to prove themselves twice as much as men," she said. "It's as if we are in a glass box closely watched."

Both agree that knowledge of some languages can help women in international jobs, although Miss Lanier can speak only some French and Mrs. Baldwin had only a quick course in Spanish before her Mexican assignment. French and Spanish are probably the two best basic languages for international jobs, but Arabic is a big help in areas of the new housing developments in the Middle East.

Alice Hammerli, who directs Chase's world conferences, said that "technical or functional specialization — and excellence — become critical assets" for women aiming at an international career.

"Once some international experience has been gained, specialization in terms of region does not seem to be either desirable or necessary," she said.

Elizabeth Kelleher, deputy manager of human resource development for Mobil Oil Corp.'s international division, said that the "normal entry" for international jobs for women was not through the international division but through doing a good job in some specialty in the company.

Design-Your-Own Sightseeing

London's Personal Tours In Silver-Topped Cabs

By Gary Yerkey

LONDON (IHT) — Like many other good ideas, it was born of discontent. "It gets awfully tiresome hearing the same thing over and over. Take me to the Victoria Station," this complaint went. And so, several years ago, some London cabbies sitting around between fares and cranking about the monotony of their work came up with an idea that has since changed not only their workday lives but the lives of some visitors to London as well.

"We specialize in personal sightseeing tours," explained John Rothery, one of the founders and now public relations officer of London Taxi Guides Ltd., "which means that visitors to the city can design their own tours. We had three art teachers from the U.S. recently, for example, and all they wanted to see were the London museums. So we gave them an in-depth tour."

That those London cabbies belong to LTG — some 70 out of more than 11,000 taxi drivers in the city — could offer educational and entertaining tours on any aspect of Britain's capital is believable. LTG members are regular cabbies when not on an assignment for the organization and must know more about London and its environs than most anyone else including the highly respected Registered London Guides.

To become part of LTG, not only do the taxi drivers have to pass the rigorous examination given by the London Tourist Board to aspiring Registered London Guides, which is preceded by a six-month course on city and national history, architecture, theater and government, they must already be licensed and widely experienced London taxi drivers. And that is not an honor easily gained. London cabbies are commonly recognized to be the most knowledgeable in the world. It takes at least two years of learning every building and street in the city to become one.

"Moreover," said Mr. Rothery, "those visitors to London who use our service actually get to know at least one Londoner." He was, like his fellow LTG cabbies, born in London, and until six years ago he lived here. But now "mainly because of my wife and two young daughters," he commutes from the suburbs — in his cab. He has been a taxi driver for nine years. He works as a regular driver and interrupts his routine when the LTG central booking office calls him on his radio to take a guided tour.

Wide Range

For customers without a special interest and who merely want to be "shown around," LTG offers its own wide range of planned tours of London or the surrounding countryside, or both, including a two-hour "Easy Rider" trip around London (£15 for the standard four-seat taxi); a seven-hour tour of Windsor Castle, Eton and Hampton Court (£39); a full-day tour of London (£36), Brighton (£55), Stratford-upon-Avon (£60) and other cities.

Last year, to set their cabs off from the rest of the all-black London fleet, the LTG drivers painted the tops of their cabs silver. "It was also a gesture to the queen's jubilee," Mr. Rothery said. Since then, business has boomed. Within the past year, the organization has had to double its force to keep pace with demand, partly brought on by excellent publicity, including feature articles in *Gourmet Magazine* and *Saturday Review*. But Mr. Rothery, watching another bus load of sightseers pass, thinks perhaps that it has had as much to do with an excellent idea whose time has come. "Whatever the reason," he added, "I don't complain about my job as much anymore."

(London Taxi Guides, Ltd., London booking office, 18 Blenheim Road, London SW 20 9J. Telephone 01-542-4355.)



London guide and his silver-topped taxi.

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Wine

Wet Weather Ends the Dry August for Paris Bistros

By Jon Winroth

PARIS, Aug. 1 (IHT) — The French seem more and more to be spreading their annual vacation over various months instead of concentrating it all in August. Perhaps it is only because of the rotten weather this summer, but in contrast to recent years, quite a few wine bistros in Paris are remaining open part or all of August.

Le Pere Tranquille (30 Avenue du Maine, Paris 15) having closed most of July is open throughout August except Sundays and holidays (as are the others listed here, unless otherwise indicated).

The wines to drink there in this season are the whites: Touraine Sauvignon and a very good Graves. There is also a *cider fermier* and a fixed-menu lunch is served on reservation only (Telephone: 222.88.12).

You can make a lunch or supper of the cold plates (including smoked salmon and *foie gras*) at L'Ecluse (15 Quai des Grands-Augustins, Paris 6), also open all month. The wines served here are from Bordeaux, but the dry whites,

Chateau Reynon and Doisy-Daene, better known in its sweet version as a *deuxieme cru classe* of Barsac, are the wines for summer drinking.

The Bar des BOF, on the south side of the Square des Innocents in the old Les Halles area, has only a cheese to offer, but what a cheese! The owner, Jean Cettour, washes it for several weeks with cognac and white Macon until the tastes have completely penetrated it. Served with a glass of his excellent Macon, it is a unique experience. The BOF closes Saturdays and Sundays.

The Tabac Henri IV (on the Pont Neuf opposite the statue of its namesake) remains open through Aug. 17, but is closed Saturday afternoons and Sundays. There is a broad range of cool whites and roses to choose from, many from the Loire, that will nicely accompany the very good pates, ham, sausages and cheese available.

Another *tabac*, La Royale (80 Rue de l'Amiral Moche, Paris 14), remains open through Aug. 10. White and rose wines from the Loire are the summer drinks here, too, especially an outstanding

Vouvray. A *plat du jour* is served at lunch.

Chez Serge (7 Boulevard Jean-Jaures in Saint-Ouen, just a couple of hundred meters from the Metro stop Mairie de Saint-Ouen) reopens on Aug. 21. The lunch-only meals are remarkable for the price (30 to 50 francs, including wine, coffee and service). The outstanding white is a dry Graves, but Macon and Pouilly Fume are also available, as is a Sancerre rose.

La Tartine (24 Rue de Rivoli, Paris 4) reopens Aug. 23. It has the broadest range of wines of any Paris wine bistro, including several roses from the Loire and Rhone, white Cheverny Sauvignon, Sancerre, Pouilly-Fume, Muscadet, Macon, a remarkable sweet Bonnezeaux, and a very cheap Cotes-du-Ventoux red that is deliciously light and fruity served cool. Although it comes from the sun-baked Rhone Valley, it is grown at an altitude of 700 meters, which explains its lightness. La Tartine closes Tuesdays but is open Sundays.

Organic wine is making progress in France and is available in August at a shop called Vignes et Verges at 7 Boulevard Victor, Paris 15 (closed Sundays and Mondays). Run by Henri and Marcelle Messerschmidt, who opened the store just a year ago, it has been quite successful.

Organic wines in France must be grown with organic fertilizer and without the aid of chemical herbicides and insecticides, no trace of which may be present at analysis. No spraying is allowed to raise the alcoholic content and no chemical preservatives such as sulfur dioxide may be used in these wines.

Sounds great, but are they, in fact, any good? Yes, they are, and some of them have won medals at the Paris and Macon wine fairs. Among the best are a Bourgogne Aligote, a Coteaux (Domaine de Saint-Cremon), a Muscadet de Sevre-et-Maine (Domaine des Dorieres), a Cotes-de-Bergerac that is very popular and a very inexpensive, if rather earthy, red from Provence sold in 5-liter demijohns.

'It Doesn't Matter if They Love'

Philosophical Greeks Shrug Off Onassis Marriage

By William Claiborne

ATHENS, Aug. 2 (WP) — A Greek bookmaker, who are no less cynical than professional gamblers anywhere, were said to be offering handsome odds against a long marriage between Christina Onassis and her new Russian husband, Sergei Kaulzov.

Most Athenians — seemingly more romantically inclined and less concerned about the politics of the union — greeted news of Miss Onassis' wedding more charitably.

"It's love, love. Who can argue with that?" said a grandfatherly Greek barber. "If they are in love, whose business is it?"

In an Omonia Square bar, a saucy cocktail waitress named Sophia said, "I think she's crazy if she wants to live in Russia, but maybe she loves him."

John Scallias, a kiosk operator on Syntagma Square shrugged his shoulders and spread his palms upward, saying in halting English, "Half okay, half not okay. To Greek people, she's more American and not so Greek, but it doesn't matter if they love."

Media Blitz

For more than a month — ever since the London Daily Express trumpeted rumors of the marriage in a "world exclusive" — Greece has been blitzed with a running media account of the romance be-

tween the poor little rich girl and the Bolshevik.

Some of it raised serious and legitimate questions, such as what influence would Kaulzov, a former official of the Soviet Union Marine Trading Agency, exert on Onassis' decision-making, assuming she can maintain a role in the operation of the \$500 million shipping, banking and industrial empire founded by her father, Aristotle Onassis.

Questions have also been raised — and as yet not answered — about how Russian-born offspring of the couple could inherit the Onassis wealth in a country founded on the principle of state ownership of everything.

Onassis presumably could settle that question by disposing of her property, either in a trust or by some other means, but she has not publicly addressed the question.

Legal Status in Greece

Some thorny questions were answered, including the legal status of the couple in Greece after their marriage in Moscow. The answer was that Greek law does not recognize civil marriages, so the couple technically will not be considered married when they are in Greece.

Some questions that were raised strained credulity, like the reported suggestions by unidentified Greek security officials, who were said to have worried that the Onassis is-

land of Skorpis could become a haven for Russian spies.

Throughout all the speculation and media fretting, however, Athenians seem to have instinctively concluded that Miss Onassis' principal wish all along was to get away from the paparazzi and the hoopla of a public personal life and, as she said herself in Moscow Monday, "to be somewhere where it's quiet."

Greeks have followed the personal tragedies that have beset Miss Onassis throughout her life, including her father's unhappy marriages and her own divorces and the deaths of close relatives. As a result, the politics of the marriage to Kaulzov seemed to have been eclipsed on her wedding day by hopes that — at age 27 — Christina Onassis at last would be happy.

"I don't know if they will be happy, but let them try," said Scallias. "What does it matter to anyone?"

Couple Set Up Apartment

From Wire Dispatches MOSCOW, Aug. 2 — Christina and Sergei Kaulzov spent their second day of marriage fixing up his mother's two-room apartment that will serve as their home in Moscow. Reached by telephone at the flat, Kaulzov said that the couple would

remain here until tomorrow, when they leave on their 17-day honeymoon for the mountainous holiday spot of Lake Baikal in Siberia. He would not confirm reports that they were to take the Trans-Siberian Express.

"We are looking forward to the trip to Lake Baikal to relax a bit," he said. But he added that Christina was worried about inclement weather and was thinking of heading to the Far East or even farther north.

Friends of the couple said that they had been loaned a cottage at Magadan. Magadan is off-limits to foreigners and Kaulzov would have had to arrange for special permission to take his bride there.

Kaulzov called reports that he would take the name Onassis "preposterous." "I don't know why reporters want to find out something sensational about Christina and myself. We are two ordinary people," he said.

Mrs. Kaulzov planned to meet with reporters after the wedding Monday, but canceled the news conference at the last moment. "I just don't have anything to say," she had said.

Kaulzov indicated that they might be moving to a larger apartment sometime later in the year, as soon as it could be arranged. "We will have a meeting with the cooperative flat people in Moscow," he said, "sometime soon."

U.K. to Raise Tax on North Sea Oil Profits

By William Kuczewicz

LONDON, Aug. 2 (AP-DJ) — Britain has decided to substantially increase its share of oil companies' revenues generated by North Sea oil, despite industry warnings that such a move could damage future exploration efforts.

Joel Barnett, chief secretary to the Treasury, announcing the proposals today, insisted that the measures would leave a "more than adequate return to the oil companies and a better return to the public." He said that he did not believe "for one moment" the plan would slow exploration or development of the North Sea.

But the director general of the U.K. Offshore Operators Association George Williams described the proposals as "madness" and said it was "an alarming and adverse development."

Meanwhile, the Department of Energy announced a sixth round of offshore exploration and production licensing, covering 46 blocks including for the first time areas in the southwestern approaches near French waters. The number of blocks on offer is significantly lower than in previous rounds and the areas are believed to be prospectively less attractive.

Regarding the government tax proposals, Mr. Barnett said that the overall government "take" from North Sea oil would be boosted to around 75 percent from just under 70 percent. Between now and the mid-1980s government revenues will be boosted by a total of £2 billion if the plans are implemented, he calculated. By the mid-1980s, government revenues from North Sea petroleum would total about £4.4 billion per year, up from a projected £4 billion under current arrangements, he noted.

The proposals, which require House of Commons approval, call for a boost in the petroleum revenue tax (PRT) on oil companies' profits from North Sea operations to 60 percent after Dec. 31 from its current level of 45 percent. Under the scheme, the first payments would be due in November 1979 and revenue from PRT would be about £170 million in the fiscal year ending March 31, 1980.

PRT is aside from normal U.K. corporation tax and royalties on North Sea oil production equivalent to 12.5 percent. But, so far, oil companies

have avoided paying any PRT because of a clause which allows them to deduct up to 175 percent of capital investment before PRT is due. This 75-percent "uplift" was designed to help companies meet the cost of interest on loans for capital equipment used in North Sea development. From now on, however, the government proposes to reduce this "uplift" to 35 percent.

The government plans to reduce from next January the oil allowance free of PRT that each field gets. This would be cut to 0.5 million metric tons a year from 1 million long tons. (A metric ton equals 0.98421 long tons.) "The oil allowance at its new level," Mr. Barnett said, "will continue to be of particular value to small fields."

The new arrangements, he admitted, will mean that newer North Sea fields will have a lower return on capital employed. These fields are also likely to be more costly and of more marginal interest than such major finds as the Forties field. Therefore, some industry sources complained, that "the government appears to be almost encouraging oil companies to run away from the North Sea."

Nonetheless, Mr. Barnett said the government is satisfied that the changes will achieve a "better balance" between public and private interests in North Sea revenues. The proposals are expected to be included in next year's finance bill, to be announced next spring.

Energy Secretary Tony Benn said that "the size of the [new licensing] round reflects the government's strategy that there will be more frequent rounds but with fewer blocks on offer in each." The current offer of 46 blocks compares with 71 blocks in the previous round.

Once again, British National Oil Corp. will hold at least a 51-percent interest in all new licenses. The state-owned oil company will also be operator during exploration in six pre-designated blocks.

On the London Stock Exchange, shares fell following the tax announcement. "Oils are taking a dive," said one broker.

British Petroleum was at 844 pence, compared with 856 earlier in the day, and Shell Transport was at 563, down from 576 earlier.

Canada Sets Cut in Taxes And Outlays**Trade Announces Shift in Priorities**

OTTAWA, Aug. 2 (AP-DJ) —

Prime Minister Pierre Elliott Trudeau announced plans last night to cut taxes and government spending as part of a "major reordering of government priorities."

"We will be cutting \$3.2 billion (\$1.77 billion) from current and planned expenditures." Much of this money, he said, will be switched to the government's new economic priorities.

He also announced that there will not be an election at "this time." "I think most Canadians would agree that it is more important to work on the fundamental problems of the economy," he added.

Hours before his speech, the government announced further price increases for natural gas that will add \$20 to \$30 annually to some fuel bills.

Explaining his economic strategy, Mr. Trudeau said that "we must reduce the size of government and use the resources to sustain growth." To achieve this goal, he said, the government will announce new initiatives in coming weeks. He "pledged" that the government will find the necessary resources and political will to stimulate the economy toward meeting the government's target of 5 percent real, or inflation-adjusted, growth this year.

He also promised to increase employment, stimulate new industrial investment and to provide further assistance for the elderly. "We will finance this new program by cutting from within, by using only saved resources to stimulate the economy," he said.

"We will achieve zero growth this year in the federal public service and there will be an actual reduction in the number of civil servants next year," he added. He also declared that the government will be "very tough" in state sector wage negotiations. The public sector will not lead the private sector in wages and benefits, he said.

Mr. Trudeau said his government will remove the intrusions of many government policies and regulations from individuals and businesses. In some cases, he said, this will mean returning functions to the private sector.

Dow Soars to Record '78 High

NEW YORK, Aug. 2 (Reuters) —

Prices on the New York Stock Exchange bounded ahead today in the heaviest trading since early June, propelled by hopes that interest rates may plateau and inflation moderate over the rest of the year.

The Dow Jones industrials soared 27.78 points to 883.49, their best level since Sept. 7, 1977, when it finished the session at 876.39. Winners paced losers 1,266 to 331. Volume rose to 47.47 million shares from yesterday's 34.81 million and was the heaviest since 51.97 million shares changed hands on June 6.

The Dow continued to rise sharply despite the late Commerce Department report that new factory orders fell \$447 million, or 0.3 percent to a seasonally adjusted \$128.4 billion in June.

New orders had risen \$551 million or 0.4 percent in May. The department said shipments rose \$1.55 billion, or 1.3 percent, to \$125.5 billion in June, after declining 0.6 percent in May.

Factory inventories rose \$1.39 billion, or 0.7 percent, to \$189.08 billion in June, after a 1.1-percent rise in May.

Analysts said investors have chosen the more favorable interpretation of the near-term trend of interest rates and inflation.

Observers also said the market was assisted by some dollar firming and an easing of gold prices.

International Business Machines was a standout, jumping 12 1/2 to 29 1/2 in heavy trading after hitting a new high Monday. Yesterday, it settled its patent suits with Xerox, which added 2 1/2 to 60.

Among the oils, Exxon was active and rose 1 1/2 to 48 1/2. Texaco, the most active issue, added 1/2 to 102 1/2, ex-dividend. Issues were mostly higher but British Petroleum lost 1/4 to 16 1/2.

Retail issues gained. Sears climbed 1 1/2 to 25 1/2. K Mart 1 1/2 to 28 1/2 and Associated Dry Goods 3/4 to 21 1/2 in active trading. J.C. Penney added a point to 39 1/2.

Digital Equipment rose 3 1/2 to 53 1/2, Polaroid 2 1/2 to 51. Kodak 4 1/2 to 65 1/2. United Technologies, which is buying back \$150 million of its securities, 2 1/2 to 50. Du Pont 6 1/2 to 127, a new high for the year, and Teletype 5 1/2 to 112 1/2.

Active UAL gained 2 1/2 to 39 1/2, TWA 1 1/2 to 27 1/2 and Braniff 1/2 to 17 1/2. All reported higher July traffic.

Colonial Stores added 2 1/2 to 33 1/2.

and Coca-Cola, which reported improved second-quarter net, added 1/2 to 43 1/2.

Prices on the American Stock Exchange also advanced with the market value index up 2.01 to 156.38.

In Chicago, wheat and soybeans

were irregularly lower and corn and oats substantially lower at the close today on the Board of Trade.

Wheat was off 1 1/4 to 5 1/2 cents; corn off 4 1/2 to 6 cents; soybeans off 2 1/2 to 7 1/2 cents.

Profit-Taking Lifts Dollar Against Yen in Europe

LONDON, Aug. 2 (ap-dj) —

The dollar set a new low against the yen in Japan today but rose against the yen in later European trading after declining to record lows against the Japanese currency for seven consecutive business days.

However, the dollar declined against most other currencies and some traders said they expect the downward trend to continue in the near term, albeit with periodic interruptions caused by profit-taking.

In the bullion market, gold was quoted late in the day at an average price of \$203.75 per ounce, down 90 cents from yesterday.

After opening in Europe at around its intraday record low of 184 yen on news that Japanese export letters of credit showed another big increase in July from a year earlier, the dollar edged higher during the day to close at 186.10 yen, up from 185.85 yesterday.

Dealers attributed the reversal mainly to profit-taking on the yen's 8.1-percent advance in the previous session.

In addition, it is widely expected in Tokyo that the government will soon impose controls on short-term capital inflows. These inflows are said to have totaled about \$1 billion in the second half of July alone, the New York Times reported.

Though the Bank of Japan purchased an estimated \$130 million in Tokyo, the dollar ended there at a record low in that market of 184.65 yen, down from 187.95.

In European trading, the dollar fell to 171.10 Swiss francs, a record end-of-day low and down from 172.15 yesterday.

Although the dollar was firm against the Deutsche mark for most of the day, late selling from New York brought the rate down at the close to 2.0385 DM from 2.0410 late yesterday. The dollar also eased against the French franc to 4.3595 from 4.3650 francs. Sterling rose to \$1.9282 from \$1.9255.

While the dollar's movements in the foreign exchange market have not been particularly sensitive to interest-rate developments, dealers said that a peaking out of U.S. interest rates at levels well below the underlying rate of U.S. inflation could add to the dollar's weakness.

Consequently, a decline in short-term dollar interest rates today was cited as another cause for concern about the outlook. In the interbank money market, three-month Eurodollar rates fell to 8.38 percent offered from 8.63 percent yesterday while the six-month rate eased to 8.81 from 8.94 percent.

FINANCIAL NEWS AND NOTES**Colonial Agrees to Grand Union Bid**

Colonial Stores Inc. has given up its fight against a tender offer from Grand Union Co. by accepting a \$35-a-share bid — worth in all about \$133 million. The merger will create the eighth largest U.S. supermarket chain and give Grand Union a presence in most of the northeast and southeast. The board of the Atlanta-based supermarket chain voted to approve the Grand Union offer after it added \$5 a share to the original bid made June 29. Until now, Colonial had vigorously opposed the takeover. The Federal Trade Commission has said that the marriage "is the type of merger that... raises serious questions" but has not made any moves to block it. Grand Union is a unit of Cavemham, the European supermarket and food-processing concern owned by Generale Occidentale, a French holding company owned by Sir James Goldsmith.

AEC's Turnover Stagnates

First-half turnover of AEG Telefunken stagnated at year-earlier levels. The company reports a 3-percent increase in foreign turnover was offset by a 2-

percent decline in domestic turnover. The growth in foreign sales was due more to AEG subsidiaries than to exports. Orders to foreign subsidiaries were up 7 percent, while exports from the parent increased only 1 percent — its smallest increase in exports since 1971 due to the "overvalued" Deutsche mark. First-half order inflow stood approximately at its 1977 level of 6.3 billion DM. However, domestic orders rose 8 percent, while foreign orders dropped 9 percent. AEG expects this year's order inflow to reach between 14.5 billion and 15 billion DM, compared to 15 billion DM last year.

Allied Breweries Sells Forte Stake

Allied Breweries Ltd. has sold its shareholding in Trust Houses Forte, the U.K. hotels and restaurant group. Allied's total holding of 21.5 million shares was sold by agreement with the company and in conjunction with chairman Sir Charles Forte. Allied realized £48.37 million, representing 225 pence a share. The proceeds will be used for the further development of Allied's business, it says. The shares have been placed through the market with institutional investors, Allied adds.

Reserves Up For Britain

LONDON, Aug. 2 (AP-DJ) — Britain's reserves rose \$193 million in July to \$16.735 billion, the highest total since April, the Treasury said today.

The underlying inflow of reserves, net of official borrowing and repayments, was \$328 million — the first monthly underlying inflow since February — compared with a \$49-million outflow in June and a \$728-million outflow in May.

The underlying increase in reserves reflects in part intervention on the foreign-exchange market by the Bank of England in support of the dollar in July. The pound rose during the month to \$1.9325 on July 31 from \$1.8605 on June 30, while its trade-weighted index against a basket of currencies rose to 62.5 (end-1971 equals 100) from 61.5.

During July, the government repaid \$31 million to the International Monetary Fund. Foreign-currency borrowing by the rest of the public sector under the exchange cover scheme amounted to \$87 million and repayments totaled \$191 million.

The \$193-million boost in reserves compares with a fall of \$119 million in June and marks the first rise in the total since January, when the nation's reserves peaked at \$20.868 billion.

Marketing Woes Linked to Drop In Indonesia Oil

JAKARTA, Indonesia, Aug. 2 (AP-DJ) — Indonesian oil production dipped abruptly in June, perhaps signaling the onset of marketing problems for the nation's crude.

Industry sources say unofficial figures put June output at about 1.6 million barrels a day, down from the 1.7-million average maintained through the first five months of this year. They attributed the decline to marketing problems rather than constraints on production capacity.

Analysts have been anticipating marketing difficulties, largely because of a world glut in oil and competition from Alaska crude and other factors affecting Indonesian sales to the U.S. West Coast.

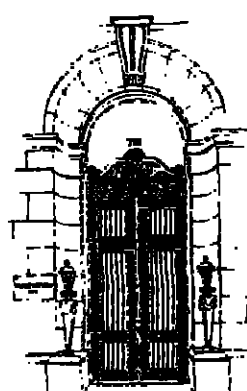
Sources say Pertamina is looking for "alternative" markets to augment its traditional customers in the United States and Japan.

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Taiwan, Bankers Dispute Loan Terms

HONG KONG, Aug. 2 (AP-DJ) —

Taiwan and its foreign bankers are engaged in a high-stakes contest of nerves over a \$300-million loan that would represent the nation's largest commercial bank borrowing.

Bankers were so eager for Taiwan's business that they lined up the credit last month — without receiving final approvals from the Ministry of Finance. Now, some ministry officials are trying to hold out for more favorable terms, and some bankers fear the transaction could fall through.

One banker calls the confrontation a "serious test." While foreign bankers are desperately trying to hold the line against a further slide in profit margins on big international bank loans, Taiwan feels it could win more favorable terms. However, the country is facing some tactical difficulties arranging financing at a time when many banks do not want to do business with the nation for fear of offending China.

The contest pits finance ministry officials against the most powerful New York banks — including Morgan Guaranty, Citicorp and Chase Manhattan — which are leading the biggest portion of the credit. They are in a potentially awkward position.

"If the big boys get their thing canceled" after signing up other banks, says one banker at a smaller institution, "they're not going to

look so good." But the contest also represents a gamble for Taiwan — one that another banker calls "a very dangerous macho game."

At the center of the dispute is a \$299.7-million credit that involves two separate loans for the state-owned Taiwan Power Corp. One loan, for \$99.7 million, managed by Bank of America's merchant banking arm, Bank Asia Ltd., is to fund part of Taiwan's third nuclear power project. The second, for \$200 million, managed by Morgan, Guaranty and Chase, is for Taiwan Power's general development program.

Although the two loans began as separate transactions, they are being marketed as a single package because Taiwan Power did not want two credits in the market at the same time. They carry terms that are among the most favorable that Taiwan has ever received. Interest on both credits floats at 2 percent over the London interbank offered rate. Both run for about eight years and each carries a commitment fee of 1/4 percent. Taiwan is paying the managers a management fee understood to be about 1/4 or 1/2 percent.

Ministry officials are not so worried about the \$99.7-million portion of the loan, intended to finance purchases in conjunction with U.S. Export-Import Bank credits. But the ministry is bothered by the \$200-million loan. With Taiwan holding a comfortable mar-

gin of reserves, officials question whether a general purpose borrowing by Taiwan Power makes sense. In addition, they contend that the nation probably could obtain funding at a narrower interest rate margin and for a longer period.

"We think the rates and terms offered for the loan are a little too high," says Vice Finance Minister C.M. Wang.

Some bankers say Richard Chi, director of the ministry's monetary affairs department, is particularly adamant that Taiwan ought to be getting a more favorable deal in the current market. He has earned a reputation as a particularly stiff negotiator with foreign banks and has been working to put Taiwan's financings on an overall more favorable footing.

In holding out for more favorable terms, bankers warn, Taiwan is taking something of a gamble. There are already signs that pressure could be building that would move the terms of international bank loans against borrowers. Loan demand in the U.S. domestic market is picking up and regional U.S. banks, which in recent years have shown strong support for Taiwan, are doing a robust business at home and are not looking as avidly as before for overseas business. The big East Coast money center banks are not yet seeing as much of a surge in domestic loan demand, but some bankers say Taiwan runs the risk of angering them.

Because many Europeans shy away from doing business with Taiwan for political reasons, the big U.S. money-center banks and one or two Canadian banks are the only major lenders likely to rush into Taiwan for major new business in the current market.

One possibility is that the \$200-million loan would be offered for syndication without a government guarantee. This would be a feather in the cap of Taiwan Power as few major loans are made to borrowers in developing countries without specific government guarantees. An unguaranteed credit would probably carry an interest rate floating at 1/2-point over the interbank rate during the first few years and move up to 1 point in the later years.

Sweden Said to Recover From Economic Decline

By R.W. Apple Jr.

STOCKHOLM, Aug. 2 (NYT) — Sweden's abrupt economic decline, which ended three decades of unbroken postwar prosperity, seems to have been halted. But politicians, economists and businessmen here disagree on two key questions: Is a real recovery under way? And will this heavily industrialized country ever regain the robust economic health it once took for granted?

Trade Minister Staffan Burenstam-Linder argues that a favorable payments balance meant that "recovery has begun, and begun more quickly than I would have expected."

Without doubt, some of the key economic indicators look better than they did a year, or even six months, ago. Most important, the trade balance has shifted dramatically from deficit to surplus. Between January and May, exports — a vital element in past Swedish prosperity — increased 15 percent, while imports fell 1 percent.

Prime Minister Thorbjörn Fälldin's government has also tamed inflation. The cost-of-living index went up only 0.1 percent in June — the smallest increase in five years. So far this year, prices have risen only 4.4 percent, in contrast to 8.3 percent in the comparable period last year.

A wage settlement covering all

employees of private business was reached in March, granting increases of only 1.9 percent this year and 4.4 percent next year — far below the hectic days from 1974 to 1976, when industrial wages jumped 50 percent. For an hour's work, Swedish employees last year paid an average of \$8.91, the highest in the world. Wage restraint is critical in the years ahead if Sweden is to fight its way back into the world market where its products have become uncompetitive against cheaper goods from Australia, Canada, the Far East and Latin America.

Some wonder, however, whether the problems are not deeper-seated. Swedish shipbuilding, steel, iron ore, machine tools and pulp and paper — the source of the postwar prosperity that built this country's extensive welfare system — have suffered permanent damage. Unless the shipbuilding and steel industries can re-establish a technological edge, said a government official, they may founder.

No one expects a repetition of last year's bleak industrial picture, when the total profits of companies listed on the Stockholm exchange fell 90 percent, the gross national product dropped 2.4 percent and industrial investment declined 17 percent. A cross section of business leaders expects profits to rebound

(Continued on Page 11, Col. 5)

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Toronto Stocks

Closing Prices August 2, 1978

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Montreal Stocks

Closing Prices August 2, 1977

[illegible]

Sweden Said to Recover From Decline in Economy

(Continued from Page 7)

this year, as manufacturers sell off the big inventories built up during a vain attempt by the Social Democrats during 1974 and 1975 to "bridge" the international recession by pursuing an expansionary policy.

Skandinaviska Enskilda Banken predicts that investment will tumble an additional 15 percent."

Peter Wallenberg, whose immensely influential family has holdings in many of Sweden's most widely known enterprises said in an interview that the country was "not yet on the way to a firm recovery" because "confidence is still lacking." He said that "the world including Sweden, has been overindulgent. We've created too much capacity. The consumers in the Western world are eating well."

watching color television, taking holidays, riding in good cars. We haven't developed markets in the Third World, so where do we think the demand is coming from? Five-car families? I don't know what earthly purpose anyone can see in making new investments."

less liquor. There has also been an increase in tax dodging, but, overall, the streets of Sweden still look prosperous. One reason is the underpinning of the welfare state: another, in the words of a U.S. businessman who lives here, is that after 30 years of high wages, "the

Asked whether his members were in a rebellious mood, a Swedish trade union leader replied: "To be honest, most of them are too busy right now enjoying their boats and their summer houses to worry

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KolaSt pf	18½	19½	Pinkrn	33	34
Kahr	3%	3%	PlanHIB	22½	23
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Braves Rout Reds

Fastball Halts Rose Streak

By Thomas Boswell

ATLANTA, Aug. 2 (WP) — Long after the game was over, and the streak was over, the crowd of 31,159 stood in Atlanta Stadium chanting "Pete Rose, Pete Rose."

Rose stalked to bat with two out in the ninth inning to try to keep his 44-game hitting streak — equal to the second longest in history — alive.

But Gene Garber, the relief master of the Braves, flashed a 2-2 fastball over Rose's flailing bat and the end arrived.

On a night when the lowly Braves got 21 hits in a 16-4 triumph — every cheap bloop and searing grounder finding a hole — Rose smashed the ball on the nose twice and got nothing.

The men who will go down in baseball history stopping Rose were rookie starter Larry McWilliams and the veteran Garber, each of whom retired him twice on his 0-for-4 night. Rose also walked to lead off the game and scored a run.

In the third inning, Rose hit a shot back through the middle that McWilliams stabbed at and snagged unconsciously. In the seventh, off Garber, Rose hit a bullet directly at third baseman Bob Horner.

Though the center-field telescopes told the crowd to chant "Gene, Gene" after Rose's streak and the game ended simultaneously on his final strikeout, the throng instead thundered "Pete, Pete" until Rose, dressed in a red T-shirt, emerged to take a last bow.

In the top of the fifth, leading off, Rose got ahead in the count, but chopped an easy ground out to short, one of his few weakly hit balls in week.

From the beginning of his streak, Rose hit almost exclusively line drives and hard grounders, with an occasional long fly. In 198 plate appearances in 45 games, Rose hit just one pop-up to the infield — an astonishing statistic.

In those 198 trips, Rose had three strikeouts, one pop-up, 12 walks. All the rest were strikes that had a chance of finding a hole or an outfield gap.

Once more in the seventh inning, Rose smashed a ball that had every chance to be a hit.

With a man on first and one out, Atlanta third baseman Horner, whom Rose said he would test, was two steps inside the bag, forbidding a bunt.

Rose worked the count to 2-2. Other third basemen in that situation (Atlanta ahead, 9-4) might have continued to deny Rose the two-strike bunt hit, just to stop the streak. Horner, instead, played fundamental baseball, retreating 20 feet. Had Horner stayed put, Rose's liner probably would have cleared him.

Instead, the ball streaked straight to Horner's head-high glove. This time Rose did not applaud.

His team was losing, his time was running out, and for the first time in weeks a crowd was loudly rooting for him to be stopped.

Rose retreated to his seat on the dugout's top step, occasionally smacking his hand against a post, waiting for the ninth inning and its moment of truth and bitter disappointment.

Rose surpassed Tommy Holmes' modern National League record of hitting safely in 37 consecutive games, tied Willie Winkler for the all-time NL mark of 44 and was planning to attempt Joe DiMaggio's major league record of 56 games.

were making the Baltimore Orioles, the Milwaukee Brewers, the hated New York Yankees and their other AL East rivals look like so many nags in a thoroughbred race, Fenway Park routinely became a joyous echo chamber every time the team played at home.

The 31,502 seats still are packed almost to capacity every night — a crowd of 30,020 sat through the drizzle last night — but the thrill is gone.

The difference is that the Red Sox, who went to the plate the first half of the season as eagerly as a hungry dog does to a plate of hamburger, simply haven't been hitting.

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baseball history stopping Rose were rookie starter Larry McWilliams and the veteran Garber, each of whom retired him twice on his 0-for-4 night. Rose also walked to lead off the game and scored a run.

In the third inning, Rose hit a shot back through the middle that McWilliams stabbed at and snagged unconsciously. In the seventh, off Garber, Rose hit a bullet directly at third baseman Bob Horner.

Though the center-field telescopes told the crowd to chant "Gene, Gene" after Rose's streak and the game ended simultaneously on his final strikeout, the throng instead thundered "Pete, Pete" until Rose, dressed in a red T-shirt, emerged to take a last bow.

In the top of the fifth, leading off, Rose got ahead in the count, but chopped an easy ground out to short, one of his few weakly hit balls in week.

From the beginning of his streak, Rose hit almost exclusively line drives and hard grounders, with an occasional long fly. In 198 plate appearances in 45 games, Rose hit just one pop-up to the infield — an astonishing statistic.

In those 198 trips, Rose had three strikeouts, one pop-up, 12 walks. All the rest were strikes that had a chance of finding a hole or an outfield gap.

Once more in the seventh inning, Rose smashed a ball that had every chance to be a hit.

With a man on first and one out, Atlanta third baseman Horner, whom Rose said he would test, was two steps inside the bag, forbidding a bunt.

Rose worked the count to 2-2. Other third basemen in that situation (Atlanta ahead, 9-4) might have continued to deny Rose the two-strike bunt hit, just to stop the streak. Horner, instead, played fundamental baseball, retreating 20 feet. Had Horner stayed put, Rose's liner probably would have cleared him.

Instead, the ball streaked straight to Horner's head-high glove. This time Rose did not applaud.

His team was losing, his time was running out, and for the first time in weeks a crowd was loudly rooting for him to be stopped.

Rose retreated to his seat on the dugout's top step, occasionally smacking his hand against a post, waiting for the ninth inning and its moment of truth and bitter disappointment.

Rose surpassed Tommy Holmes' modern National League record of hitting safely in 37 consecutive games, tied Willie Winkler for the all-time NL mark of 44 and was planning to attempt Joe DiMaggio's major league record of 56 games.

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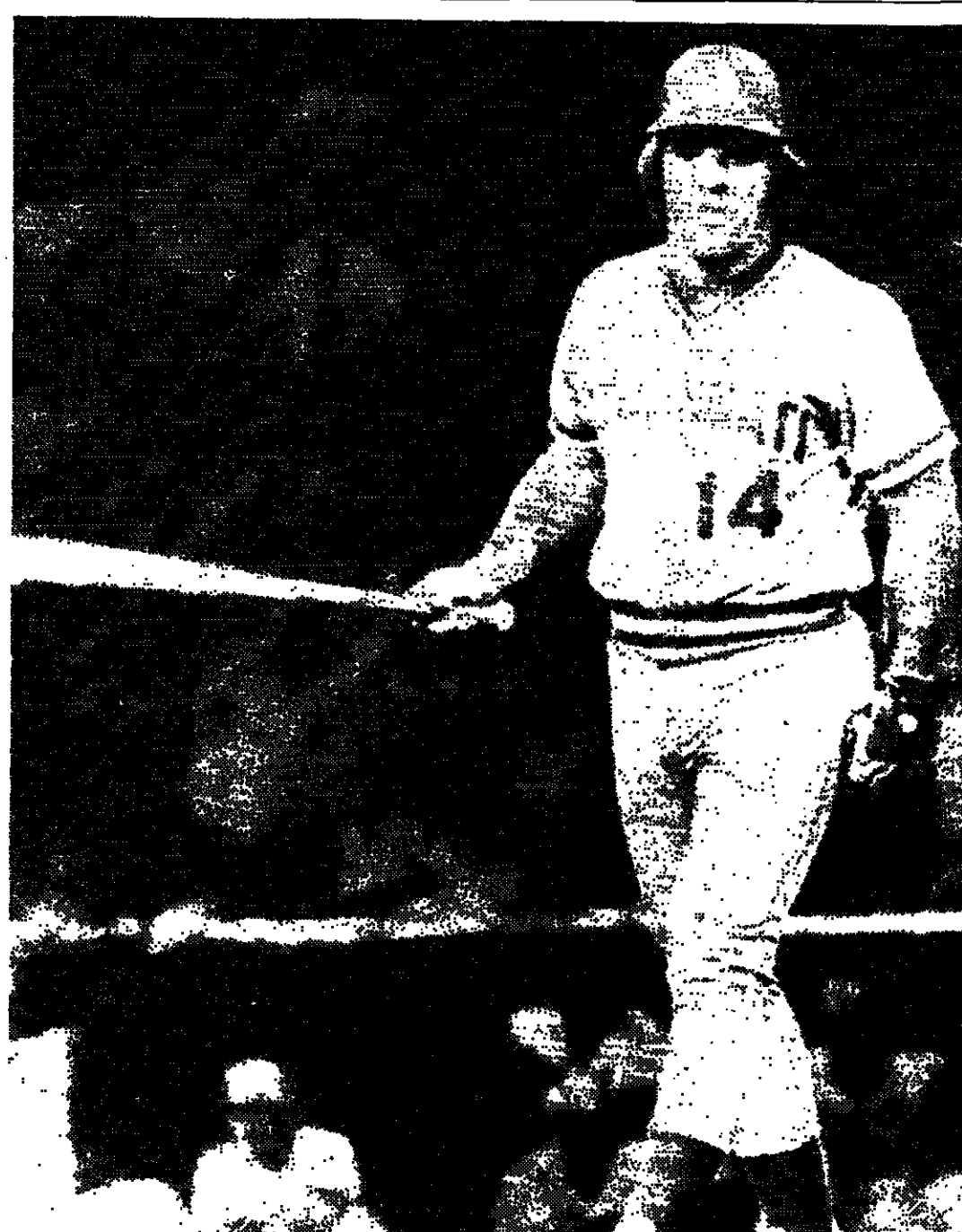
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Pete Rose walks from plate in dejection after striking out, thus ending his 44-game hitting streak.

Richard Fans 11 as Astros Defeat Giants

HOUSTON, Aug. 2 (UPI) — J. R. Richard struck out 11 batters to push his major league-leading total to 215 and tied his career best by driving in one run and scoring another last night in leading the Houston Astros to a 4-2 victory over the San Francisco Giants. It was Houston's eighth straight triumph.

Richard (11-9) yielded only four hits but walked nine before giving way to Joe Sambito with two out in the ninth. Among Richard's strikeout victims was Jack Clark — four times.

Enos Cabell's two-run single in the fifth inning broke a 2-2 tie. His single was the only hit of the inning as Giant starter Bob Knepper (11-8) walked two batters, threw a wild pitch and then had a 3-2 count on Cabell before being replaced by Randy Moffitt.

Cabell hit Moffitt's first pitch up the middle for the game-winning run.

At Philadelphia, John Stearns hit his 12th home run — a two-run shot in the seventh inning — to lead New York to a 5-1 triumph over Philadelphia. Stearns' homer broke a 1-1 tie and enabled reliever Kip Keeler (2-2) to pick up the victory over Steve Carlton, who has lost 11 of 20 decisions.

At Montreal, Andre Dawson hit a two-run homer in a four-run second inning to lead Montreal to its third consecutive victory, a 4-3 triumph over Pittsburgh. Warren Cromartie led off the second with a single.

At Chicago, Bill Buckner hit a pair of run-scoring singles, helping Chicago beat St. Louis, 4-2. Buckner drove in one run and scored another in a three-run third and delivered an insurance run in the seventh with a single after pinch-hitter Gene Clines had singled, stolen second and moved to third on a throwing error by catcher Ted Simmons.

At San Diego, Derral Thomas singled with one out and the bases loaded in the ninth inning to score.

At New York, Catfish Hunter, knocked out in his last start after facing just six batters and giving up six runs, pitched eighth and ninth and combined with Sparky Lyle for a four-inning help in New York to an 8-1 victory over Texas.

At Seattle, Bob Stinson drove in five runs with a grand slam home run and a sacrifice fly and Leon Roberts added four RBI last night, powering Seattle to a 13-6 victory over Minnesota.

At Anaheim, Calif., Rick Langford tossed a three-hitter and struck out a career-high 11 batters in pitching Oakland to a 1-0 victory over California and moving the team to a tie with California for second place in the American League West.

At Cleveland, Buddy Bell's pinch single in the seventh inning scored Rick Manning from third and lifted Cleveland to a 2-1 victory over Kansas City.

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pinch-runner Bill Almon from third base and gave San Diego its eighth victory in a row, 1-0, over Los Angeles. Pinch-hitter Jerry Turner opened the ninth with an infield hit and Almon ran for him. Dave Winfield singled to center to put Almon at third and Oscar Gamble was walked intentionally to fill the bases against loser Burt Hooton (11-8).

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